Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Resona Holdings, Inc.:

Opinion

We have audited the consolidated financial statements of Resona Holdings, Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 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.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Determination of the reserve for loan losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Resona Holdings, Inc. (hereinafter the "Company") holds domestic banking subsidiaries (hereinafter the "Banking Subsidiaries") including Resona Bank, Limited and operates a lending business as one of its core businesses. As stated in Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (11) Reserve for loan losses" in the Consolidated Financial Statements, in order to prepare for the risk of bad debts losses from borrower default or bankruptcy, the Company decides borrower classification in accordance with the Company's internal standards for self-assessment of asset quality as well as the Company's accounting rules for write-offs and reserves. The Company then determines reserves for loan losses by estimating the expected loan losses based on historical loan loss ratios, the collectable amounts from the disposal of collateral, and the recoverable amounts from guarantees. As of March 31, 2021, reserves for loan losses of 190 billion yen were reported in the consolidated balance sheet. As stated in Note 3, "SIGNIFICANT ACCOUNTING ESTIMATE," the Company expected the impact of the spread of the coronavirus disease 2019 (hereinafter "COVID-19") on economic activity to continue into the next year onwards, and selected industries for which significant impact on credit risk of loans is expected based on the impact analysis. Regarding loans that belonged to these industries and whose borrowers were classified as "Watch obligors" of a borrower classification (hereinafter the "Loans"), as there existed particular uncertainty around the degree of business performance deterioration that could be expected in the future, the Company assessed that the estimate of the expected loan losses by the method described above might differ from actual bad debts losses. As such, the Company recorded additional reserves for these loan losses of 8.6 billion yen, which was determined using an expected loan loss ratio based on historical loss ratios with certain modifications to reflect credit risk inherent in the amount of 511.1 billion yen of the Loans owned by the Banking Subsidiaries.	For our audit procedures with respect to reserves for loan losses, in addition to an analysis of the state of the borrowers' finances and revenue as well as an analysis of actual losses which served as the basis for loss estimates, we tested the effectiveness of internal controls over inspections and approvals for whether reserves for loan losses are appropriately determined in accordance with internal rules and guidance, and we performed substantive procedures with respect to reserves for loan losses to examine the appropriateness of management decisions and estimates. In particular, our audit procedures related to the determination of additional reserves for these loan losses in light of the impact of COVID-19 included the following, among others: • With respect to industry selection for the Loans, we analyzed borrower information and compared it with information available outside of the Company with assistance of our credit risk assessment specialists to examine whether industries with a material impact on credit risk were appropriately selected in addition to inquiring of relevant departments as well as inspecting analysis documents related to the impact of COVID-19 prepared by management. • With respect to borrower classification for the Loans, we tested internal credit ratings on a sample basis through procedures for self-assessment audits, and we examined whether borrowers' credit risk was appropriately evaluated and whether, as a result, borrowers classified as "Watch obligors" and were subject to additional reserves were properly classified in accordance with the Company's self-assessment rules.

The determination of the additional reserves based on the impact of COVID-19, with respect to industry selection and borrower classification as well as the expected loan loss ratio applied for the Loans involves highly subjective judgments made by management, and the amount of additional reserves may be significantly affected by such judgments. Therefore, we have determined this as a key audit matter.	• With respect to expected loan loss ratio applied in the determination of additional reserves for loan losses, we performed analytical procedures on the amounts determined by management. Furthermore, we examined whether the modifications to historical loan loss ratios were based on unbiased information even in environments with a high degree of uncertainty, and whether the state of both downgrades and upgrades in borrower classification and actual losses in light of the impact of COVID-19 were taken into account. • We examined whether the nature of estimate assumptions made by management, their determination method, the degree of uncertainty of assumptions and the impact from changes in assumptions on the consolidated financial statements in the following year were appropriately disclosed.

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

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

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

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the implementation and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

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

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu LLC

June 23, 2021
(August 25, 2021 as to Note 38.IV)

CONSOLIDATED BALANCE SHEET
Resona Holdings, Inc. and consolidated subsidiaries
March 31, 2021

	Millions of yen		Millions of U.S. dollars (Note 1)
	2021	**2020**	**2021**
Assets:			
Cash and due from banks (Notes 4, 12 and 29)	¥ 25,223,147	¥ 15,329,523	$ 227,810
Call loans and bills bought (Note 29)	107,242	473,438	968
Monetary claims bought (Note 29)	221,739	248,548	2,002
Trading assets (Notes 5, 12, 29 and 30)	231,695	457,391	2,092
Securities (Notes 6, 12 and 29)	7,147,733	5,555,671	64,556
Loans and bills discounted (Notes 7, 12, 13 and 29)	38,978,959	36,645,552	352,049
Foreign exchange assets (Notes 8 and 29)	139,436	107,460	1,259
Lease receivables and investments in leases (Note 12)	36,559	40,630	330
Other assets (Notes 9, 12, 29 and 30)	965,192	964,312	8,717
Tangible fixed assets (Notes 10, 20 and 28)	361,178	369,790	3,262
Intangible fixed assets (Notes 11 and 28)	53,339	49,770	481
Net defined benefit asset (Note 31)	43,949	32,510	396
Deferred tax assets (Note 27)	29,728	35,385	268
Customers' liabilities for acceptances and guarantees (Notes 19 and 29)	347,904	362,725	3,142
Reserve for loan losses (Note 29)	(190,088)	(160,221)	(1,716)
Reserve for possible losses on investments	(36)	(35)	(0)
Total Assets	¥ 73,697,682	¥ 60,512,454	$ 665,622
Liabilities and Net Assets:			
Liabilities:			
Deposits (Notes 12, 14 and 29)	¥ 58,691,223	¥ 52,909,979	$ 530,086
Negotiable certificates of deposit (Note 29)	739,170	942,840	6,676
Call money and bills sold (Note 29)	630,895	69,636	5,698
Payables under repurchase agreements (Notes 12 and 29)	3,000	—	27
Payables under securities lending transactions (Notes 12 and 29)	1,064,481	532,433	9,614
Trading liabilities (Notes 5, 29 and 30)	39,626	87,259	357
Borrowed money (Notes 12, 15 and 29)	7,218,168	769,930	65,192
Foreign exchange liabilities (Notes 8 and 29)	8,025	5,076	72
Bonds (Notes 16 and 29)	326,000	396,000	2,944
Due to trust account (Note 29)	1,304,346	1,316,807	11,780
Other liabilities (Notes 12, 15, 17, 29 and 30)	663,699	700,746	5,994
Reserve for employees' bonuses	18,650	17,509	168
Net defined benefit liability (Note 31)	15,371	22,709	138
Other reserves (Note 18)	34,643	38,209	312
Deferred tax liabilities (Note 27)	54,613	5,607	493
Deferred tax liabilities for land revaluation (Note 20)	18,216	18,439	164
Acceptances and guarantees (Notes 19 and 29)	347,904	362,725	3,142
Total Liabilities	71,178,037	58,195,910	642,865
Net Assets (Notes 21, 34 and 38):			
Capital stock	50,552	50,472	456
Capital surplus	15,769	−	142
Retained earnings	1,796,476	1,720,062	16,225
Treasury stock	(2,478)	(12,880)	(22)
Total stockholders' equity	1,860,319	1,757,655	16,802
Net unrealized gains on available-for-sale securities (Note 6)	442,901	306,196	4,000
Net deferred gains on hedges	10,671	16,619	96
Revaluation reserve for land (Note 20)	39,702	40,209	358
Foreign currency translation adjustments	(5,851)	(1,942)	(52)
Remeasurements of defined benefit plans (Note 31)	(30,478)	(40,402)	(275)
Total accumulated other comprehensive income	456,946	320,680	4,127
Stock acquisition rights (Note 32)	279	297	2
Noncontrolling interests	202,099	237,910	1,825
Total Net Assets	2,519,645	2,316,543	22,756
Total Liabilities and Net Assets	¥ 73,697,682	¥ 60,512,454	$ 665,622

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2021

	Millions of yen		Millions of U.S. dollars (Note 1)
	2021	2020	2021
Income:			
Interest income (Note 22)	¥ 435,665	¥ 478,252	$ 3,934
Trust fees	19,223	19,060	173
Fees and commissions	241,173	239,310	2,178
Trading income (Note 23)	5,965	5,235	53
Other operating income (Note 24)	46,880	69,323	423
Other income (Note 26)	76,407	76,673	690
Total Income	825,317	887,856	7,454
Expenses:			
Interest expenses (Note 22)	18,227	47,122	164
Fees and commissions	68,903	68,141	622
Trading expenses	237	493	2
Other operating expenses (Note 24)	22,419	36,745	202
General and administrative expenses (Note 25)	425,852	426,540	3,846
Other expenses (Note 26)	105,359	96,635	951
Total Expenses	641,000	675,678	5,789
Income before income taxes	184,316	212,177	1,664
Income taxes (Note 27)**:**			
Current	59,447	37,835	536
Deferred	(4,845)	18,902	(43)
Total income taxes	54,602	56,737	493
Net income	129,714	155,439	1,171
Net income attributable to noncontrolling interests	5,232	3,013	47
Net income attributable to owners of parent	¥ 124,481	¥ 152,426	$ 1,124

	Yen		U.S. dollars (Note 1)
Per common share information:			
Net income per share (Basic) (Note 34)	¥ 54.19	¥ 66.27	$ 0.48
Cash dividends per share applicable to the fiscal year (Notes 21 and 38)	21.00	21.00	0.18

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2021

	Millions of yen		Millions of U.S. dollars (Note 1)
	2021	2020	2021
Net income	¥ 129,714	¥ 155,439	$ 1,171
Other comprehensive income (Note 33):			
Net unrealized (gains) losses on available-for-sale securities	141,956	(124,122)	1,282
Net deferred losses on hedges	(5,941)	(10,503)	(53)
Foreign currency translation adjustments	(6,004)	4,762	(54)
Remeasurements of defined benefit plans	12,396	(1,744)	111
Share of other comprehensive income of affiliates accounted for using the equity method	79	(32)	0
Total other comprehensive income	142,486	(131,640)	1,286
Total comprehensive income (Note 33)	¥ 272,200	¥ 23,799	$ 2,458
Total comprehensive income attributable to (Note 33):			
Owners of parent	¥ 261,254	¥ 25,239	$ 2,359
Noncontrolling interests	10,946	(1,440)	98

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2021

	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at April 1, 2019	¥ 50,472	¥ —	¥ 1,614,908	¥ (4,213)	¥ 1,661,168
Changes during the fiscal year					
Dividends paid			(48,557)		(48,557)
Net income attributable to owners of parent			152,426		152,426
Purchase of treasury stock				(10,003)	(10,003)
Disposal of treasury stock		(0)		1,336	1,336
Reversal of revaluation reserve for land			1,994		1,994
Change in ownership interest of parent due to transactions with noncontrolling interests		(709)			(709)
Transfer from retained earnings to capital surplus		709	(709)		—
Net changes except for stockholders' equity during the fiscal year					—
Total changes during the fiscal year	—	—	105,153	(8,666)	96,486
Balance at April 1, 2020	50,472	—	1,720,062	(12,880)	1,757,655
Cumulative effect due to revision of accounting standards for foreign subsidiaries			(240)		(240)
Restated balance	50,472	—	1,719,822	(12,880)	1,757,415
Changes during the fiscal year					
Issuance of new stock	79	79			159
Dividends paid			(48,334)		(48,334)
Net income attributable to owners of parent			124,481		124,481
Purchase of treasury stock				(1,406)	(1,406)
Disposal of treasury stock		(0)		1,605	1,605
Cancellation of treasury stock		(10,202)		10,202	—
Reversal of revaluation reserve for land			507		507
Change in ownership interest of parent due to transactions with noncontrolling interests		25,891			25,891
Net changes except for stockholders' equity during the fiscal year					—
Total changes during the fiscal year	79	15,769	76,654	10,401	102,904
Balance at March 31, 2021	¥ 50,552	¥ 15,769	¥ 1,796,476	¥ (2,478)	¥ 1,860,319

	Millions of yen								
	Accumulated other comprehensive income								
	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjust-ments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Stock acquisition rights	Noncontroll-ing interests	Total net assets
Balance at April 1, 2019	¥ 423,957	¥ 27,129	¥ 42,204	¥ (4,823)	¥ (38,605)	¥ 449,861	¥ 309	¥ 244,838	¥ 2,356,178
Changes during the fiscal year									
Dividends paid									(48,557)
Net income attributable to owners of parent									152,426
Purchase of treasury stock									(10,003)
Disposal of treasury stock									1,336
Reversal of revaluation reserve for land									1,994
Change in ownership interest of parent due to transactions with noncontrolling interests									(709)
Transfer from retained earnings to capital surplus									—
Net changes except for stockholders' equity during the fiscal year	(117,760)	(10,509)	(1,994)	2,880	(1,796)	(129,181)	(12)	(6,927)	(136,121)
Total changes during the fiscal year	(117,760)	(10,509)	(1,994)	2,880	(1,796)	(129,181)	(12)	(6,927)	(39,634)
Balance at April 1, 2020	306,196	16,619	40,209	(1,942)	(40,402)	320,680	297	237,910	2,316,543
Cumulative effect due to revision of accounting standards for foreign subsidiaries								(255)	(496)
Restated balance	306,196	16,619	40,209	(1,942)	(40,402)	320,680	297	237,655	2,316,047
Changes during the fiscal year									
Issuance of new stock									159
Dividends paid									(48,334)
Net income attributable to owners of parent									124,481
Purchase of treasury stock									(1,406)
Disposal of treasury stock									1,605
Cancellation of treasury stock									—
Reversal of revaluation reserve for land									507
Change in ownership interest of parent due to transactions with noncontrolling interests									25,891
Net changes except for stockholders' equity during the fiscal year	136,705	(5,948)	(507)	(3,909)	9,924	136,265	(17)	(35,555)	100,693
Total changes during the fiscal year	136,705	(5,948)	(507)	(3,909)	9,924	136,265	(17)	(35,555)	203,597
Balance at March 31, 2021	¥ 442,901	¥ 10,671	¥ 39,702	¥ (5,851)	¥ (30,478)	¥ 456,946	¥ 279	¥ 202,099	¥ 2,519,645

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Continued)
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2021

	Millions of U.S. dollars (Note1)				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at April 1, 2020	$ 455	$ —	$ 15,535	$ (116)	$ 15,874
Cumulative effect due to revision of accounting standards for foreign subsidiaries			(2)		(2)
Restated balance	455	—	15,533	(116)	15,872
Changes during the fiscal year					
Issuance of new stock	0	0			1
Dividends paid			(436)		(436)
Net income attributable to owners of parent			1,124		1,124
Purchase of treasury stock				(12)	(12)
Disposal of treasury stock		(0)		14	14
Cancellation of treasury stock		(92)		92	—
Reversal of revaluation reserve for land			4		4
Change in ownership interest of parent due to transactions with noncontrolling interests		233			233
Net changes except for stockholders' equity during the fiscal year					—
Total changes during the fiscal year	0	142	692	93	929
Balance at March 31, 2021	$ 456	$ 142	$ 16,225	$ (22)	$ 16,802

	Millions of U.S. dollars (Note1)								
	Accumulated other comprehensive income								
	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjust -ments	Remeasure -ments of defined benefit plans	Total accumula -ted other comprehen -sive income	Stock acquisition rights	Noncontroll -ing interests	Total net assets
Balance at April 1, 2020	$ 2,765	$ 150	$ 363	$ (17)	$ (364)	$ 2,896	$ 2	$ 2,148	$ 20,922
Cumulative effect due to revision of accounting standards for foreign subsidiaries								(2)	(4)
Restated balance	2,765	150	363	(17)	(364)	2,896	2	2,146	20,918
Changes during the fiscal year									
Issuance of new stock									1
Dividends paid									(436)
Net income attributable to owners of parent									1,124
Purchase of treasury stock									(12)
Disposal of treasury stock									14
Cancellation of treasury stock									—
Reversal of revaluation reserve for land									4
Change in ownership interest of parent due to transactions with noncontrolling interests									233
Net changes except for stockholders' equity during the fiscal year	1,234	(53)	(4)	(35)	89	1,230	(0)	(321)	909
Total changes during the fiscal year	1,234	(53)	(4)	(35)	89	1,230	(0)	(321)	1,838
Balance at March 31, 2021	$ 4,000	$ 96	$ 358	$ (52)	$ (275)	$ 4,127	$ 2	$ 1,825	$ 22,756

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2021

	Millions of yen		Millions of U.S. dollars (Note 1)
	2021	2020	2021
Cash flows from operating activities:			
Income before income taxes	¥ 184,316	¥ 212,177	$ 1,664
Adjustments for :			
Depreciation and amortization	34,670	34,145	313
Impairment losses on fixed assets	6,576	7,725	59
Equity in earnings of investments in affiliates	(456)	(515)	(4)
Increase (decrease) in reserve for loan losses	29,866	2,163	269
Increase (decrease) in reserve for possible losses on investments	1	3	0
Increase (decrease) in reserve for employees' bonuses	1,138	(2,072)	10
(Increase) decrease in net defined benefit asset	(11,438)	(13,148)	(103)
Increase (decrease) in net defined benefit liability	(7,338)	3,632	(66)
Interest income	(435,665)	(478,252)	(3,934)
Interest expenses	18,227	47,122	164
Net (gains) losses on securities	(55,101)	(17,564)	(497)
Net foreign exchange (gains) losses	(43,607)	(18,601)	(393)
Net (gains) losses on disposal of fixed assets	67	(682)	0
Net (increase) decrease in trading assets	225,695	(129,367)	2,038
Net increase (decrease) in trading liabilities	(47,632)	(33,661)	(430)
Net (increase) decrease in loans and bills discounted	(2,333,406)	(511,055)	(21,074)
Net increase (decrease) in deposits	5,781,244	1,801,344	52,214
Net increase (decrease) in negotiable certificates of deposit	(203,670)	(252,510)	(1,839)
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	6,453,437	21,293	58,286
Net (increase) decrease in due from banks (excluding those deposited at Bank of Japan)	(4,180)	46,989	(37)
Net (increase) decrease in call loans and other	393,004	(262,791)	3,549
Net increase (decrease) in call money and other	564,259	(75,963)	5,096
Net increase (decrease) in payables under securities lending transactions	532,048	(8,489)	4,805
Net (increase) decrease in foreign exchange assets	(31,976)	8,231	(288)
Net increase (decrease) in foreign exchange liabilities	2,949	689	26
Net increase (decrease) in straight bonds	(30,000)	36,200	(270)
Net increase (decrease) in due to trust account	(12,461)	161,002	(112)
Interest receipts	435,814	487,383	3,936
Interest payments	(22,032)	(48,691)	(198)
Other - net	(4,562)	(3,151)	(41)
Subtotal	11,419,787	1,013,586	103,141
Income taxes paid	(25,015)	(39,029)	(225)
Net cash provided by (used in) operating activities	11,394,771	974,556	102,915
Cash flows from investing activities:			
Purchases of securities	(6,671,373)	(7,505,855)	(60,254)
Proceeds from sales of securities	4,079,116	6,057,591	36,841
Proceeds from redemption of securities	1,213,504	1,182,145	10,960
Purchases of tangible fixed assets	(10,162)	(9,435)	(91)
Proceeds from sales of tangible fixed assets	3,411	7,663	30
Purchases of intangible fixed assets	(5,237)	(10,710)	(47)
Proceeds from sales of intangible fixed assets	190	―	1
Purchase of shares of affiliates accounted for using the equity method	(220)	―	(1)
Other - net	(227)	(216)	(2)
Net cash provided by (used in) investing activities	(1,390,998)	(278,818)	(12,563)
Cash flows from financing activities:			
Repayment of subordinated borrowings	(5,200)	(4,000)	(46)
Redemption of subordinated bonds	(40,000)	(100,000)	(361)
Proceeds from issuance of stock	159	―	1
Dividends paid	(48,334)	(48,557)	(436)
Dividends paid to noncontrolling interests of consolidated subsidiaries	(1,835)	(4,572)	(16)
Purchases of treasury stock	(1,406)	(10,003)	(12)
Proceeds from sales of treasury stock	1,072	1,057	9
Purchases of subsidiaries' shares that do not result in change in scope of consolidation	(18,821)	(1,657)	(169)
Net cash provided by (used in) financing activities	(114,365)	(167,734)	(1,032)
Effect of exchange rate changes on cash and cash equivalents	35	(19)	0
Net increase (decrease) in cash and cash equivalents	9,889,443	527,984	89,319
Cash and cash equivalents at the beginning of the fiscal year	15,235,443	14,707,458	137,603
Cash and cash equivalents at the end of the fiscal year (Note 4)	¥ 25,124,886	¥ 15,235,443	$ 226,922

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Resona Holdings, Inc. and consolidated subsidiaries

Fiscal year ended March 31, 2021

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by Resona Holdings, Inc. (the "Company") and its consolidated subsidiaries (together, the "Group") in accordance with the provisions set forth in the Financial Instruments and Exchange Act of Japan and its related accounting regulations concerning the preparation of consolidated financial statements, Ordinance for Enforcement of the Banking Act, and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRSs").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications have been made in the 2020 consolidated financial statements to conform to the classifications used in 2021.

In addition, the notes to the consolidated financial statements include certain information, which is not required under Japanese GAAP, but is presented herein as additional information.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan and have been made at the rate of ¥110.72 to U.S. $1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2021. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

Amounts of less than one million yen and one million U.S. dollars have been rounded down to the nearest million in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen and U.S. dollars do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Use of estimates

The preparation of consolidated financial statements in accordance with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(2) Principles of consolidation

The Company defines its consolidation scope using the control and influence concept. Under the control and influence concept, those entities in which the Company, directly or indirectly, is able to exercise control over finance and operations through voting interest and/or other means are fully consolidated, and those entities over which the Group has the ability to exercise significant influence are accounted for by the equity method.

In order to apply the control and influence criteria for certain collective investment vehicles, such as Toushi Jigyo Kumiai (investment association), limited partnerships, Tokumei Kumiai (silent partnership) structures and other entities with similar characteristics, the Company looks to the proportionate share of decision-making authority over such vehicles, together with other factors indicating substantial control and influence, in accordance with the guidance of Practical Issues Task Force No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations," issued by the Accounting Standards Board of Japan (the "ASBJ").

(a) Scope of consolidation

The number of consolidated subsidiaries as of March 31, 2021 and 2020 were twenty-nine.

The Group excludes accounts of certain subsidiaries from consolidation when the total assets, total income, net income or loss (applicable for the owned interest), retained earnings (applicable for the owned interest) and accumulated other comprehensive income (applicable for the owned interest) of these subsidiaries would not have a material effect on the consolidated financial statements.

Resona Corporate investment Co., Ltd. was newly established and included in the scope of consolidation from the fiscal year ended March 31, 2021.

Minato Consulting Co., Ltd. was liquidated and excluded from the scope of consolidation from the fiscal year ended March 31, 2021.

(b) Application of the equity method of accounting

The number of affiliates accounted for by the equity method as of March 31, 2021 and 2020 were five.

The equity method of accounting has not been applied to investments in certain non-consolidated subsidiaries and affiliates, as the net income or loss (applicable for the owned interest), retained earnings (applicable for the owned interest) and accumulated other comprehensive income (applicable for the owned interest) are immaterial in relation to the consolidated financial statements.

(c) Balance sheet dates of consolidated subsidiaries

The balance sheet dates of the consolidated subsidiaries as of March 31, 2021 and 2020 were as follows:

(Number of consolidated subsidiaries)

	2021	2020
End of December	**3**	3
End of March	**26**	26

Subsidiaries have been consolidated based on their accounts at their respective balance sheet dates. Appropriate adjustments have been made for significant intervening transactions occurring during the period from the respective balance sheet dates of the above subsidiaries to the consolidated balance sheet date.

(d) Eliminations of intercompany balances and transactions

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit or loss included in assets and liabilities resulting from transactions within the Group is also eliminated.

(e) Unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements

The accounting policies and procedures applied to the Company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements.

Financial statements prepared by foreign subsidiaries in accordance with IFRSs may be tentatively used for the consolidation process; however, the following items should be adjusted in the consolidation process so that net income or loss is accounted for in accordance with Japanese GAAP unless they are not material:

(i) Amortization of goodwill
(ii) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(iii) Expensing capitalization of intangible assets arising from development phases
(iv) Cancellation of fair value accounting model for tangible fixed assets and investment properties and incorporation of the cost accounting model
(v) Reclassification adjustments for the subsequent change in fair value of equity instruments which is disclosed as a component of other comprehensive income

(3) Trading assets and trading liabilities

Transactions whose purposes are to earn a profit by taking advantage of short-term fluctuations in the market or arbitrage opportunities in interest rates, currency exchange rates, share prices or other market indices on different markets ("transactions for trading purposes") are included in "trading assets" or "trading liabilities," as appropriate, on the consolidated balance sheets on a trade-date basis.

Securities and monetary claims, etc. held for trading purposes are stated at fair value as of the consolidated balance sheet date. Derivatives including swaps, futures and options, held for trading purposes are stated at the fair values, which are determined using the exit price as if the respective contracts were closed out at the consolidated balance sheet date.

(4) Trading income and trading expenses

Income and expenses on transactions for trading purposes are included in "trading income" or "trading expenses," as appropriate, in the consolidated statements of income on a trade-date basis.

Trading income and trading expenses include interest received and paid during the fiscal year, net changes in fair value of securities and monetary claims, etc., and changes in the close-out value of derivatives during the fiscal year.

(5) Securities

Securities other than investments in non-consolidated subsidiaries and affiliates which are accounted for by the equity method are classified and accounted for, depending on management's intent, as follows:

(i) held-to-maturity debt securities, which management has the positive intent and ability to hold to maturity, are stated at amortized cost determined by the moving-average method (the amortization/accumulation is calculated by the straight-line method).

(ii) investments in non-consolidated subsidiaries and affiliates which are not accounted for by the equity method are stated at cost determined by the moving-average method.

(iii) marketable available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable tax effects, reported in a separate component of net assets. The fair values of equity securities with quoted market prices are determined based on the average quoted market prices in the last month of the fiscal year. The fair values of securities other than equity securities with quoted market prices are generally determined based on their respective quoted market prices at the balance sheet dates (the cost of these securities sold is determined by the moving-average method).

(iv) non-marketable available-for-sale securities whose fair value cannot be reliably determined are stated at cost. The cost of these securities sold is determined by the moving-average method.

Investment securities other than trading securities are written down to estimated fair value when the decline in fair value is determined to be other-than-temporary based on the assessment of the severity and duration of the decline in value, the issuers' credit standing and certain other factors. Impairment losses are recognized by a charge against income.

(6) Derivatives and hedge accounting

Derivatives are classified and accounted for as follows:

(i) all derivatives other than those used for hedging purposes are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized currently in the consolidated statements of income.

(ii) derivatives used for hedging purposes, if they meet certain hedging criteria, including high correlation and effectiveness between the hedging instruments and the hedged items, are recognized as either assets or liabilities and measured at fair value. Gains or losses on derivatives used for hedging purposes are generally deferred over the terms of the hedged items and are reclassified into income or expenses when gains and losses on the hedged items are recognized. Net deferred gains or losses on qualifying hedges are reported as a separate component of net assets. Fair value hedge accounting can be applied for certain hedged items, including available-for-sale securities.

A special accounting treatment is applicable to certain hedging relationships with interest rate swaps. Interest rate swaps which qualify for hedge accounting and meet specific matching criteria, requiring certain critical terms of the swaps and the hedged items to be substantially the same, are not remeasured at fair value and the interest differentials paid or received are recognized over the term of the swap agreements and netted with the interest income or expenses of the hedged transactions in the consolidated statements of income.

Generally, a specific hedging relationship is designated between a stand-alone derivative and a single asset or liability (or a group of identical assets or liabilities) as a condition for the application of hedge accounting. However, bank industry-specific hedge accounting may be applied as follows:

(a) Hedges of interest rate risk

Consolidated domestic banking subsidiaries apply deferral hedge accounting to the hedges of interest rate risk associated with financial assets and liabilities in accordance with the Industry Committee Practical Guidelines No. 24, "Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry," issued by the Japanese Institute of Certified Public Accountants (the "JICPA") on October 8, 2020 (the "Industry Committee Practical Guidelines No. 24").

The Industry Committee Practical Guidelines No. 24 permits banks to designate a group of derivatives as a hedge of a group of financial assets or financial liabilities, taking into consideration the nature of derivative activities in the banking industry. Under the Industry Committee Practical Guidelines No. 24, hedges to offset changes in fair value of fixed rate instruments (such as loans or deposits) ("fair value hedges") and changes in anticipated cash flows from variable rate instruments ("cash flow hedges") are applied by grouping hedging instruments and hedged items by their maturities.

For fair value hedges, a group of hedging instruments are designated as a hedge of a group of assets or liabilities which are grouped by their maturities in the same manner as the group of hedging instruments. The assessment of hedge effectiveness is generally based on the analysis of the changes in interest rate factors affecting the respective fair values of the groups of hedging instruments and hedged items rather than the assessment based on the accumulated changes in relevant fair values.

For cash flow hedges, the hedging instruments and hedged items are grouped based on their index repricing dates and/or maturities. A regression analysis is employed to test the correlations between interest rate indices underlying the hedging instruments and hedged items to determine the effectiveness of the hedge. A hedge is, however, assumed to be effective and the assessment can be omitted when the interest rate indices are the same for each of the hedging instruments and hedged items, and the repricing dates and intervals are substantially identical for the hedging instruments and hedged items.

Certain assets and liabilities were accounted for using deferral hedge accounting or fair value hedge accounting, designating a stand-alone derivative as a hedge of a specific asset (group of assets) or specific liability (group of liabilities).

(b) Hedges of foreign currency risk

Consolidated domestic banking subsidiaries apply deferral hedge accounting to the hedges of foreign currency risk associated with financial assets and liabilities denominated in foreign currencies in accordance with the Industry Committee Practical Guidelines No. 25 "Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry" issued by the JICPA on October 8, 2020 (the "Industry Committee Practical Guidelines No. 25").

In accordance with the Industry Committee Practical Guidelines No. 25, consolidated domestic banking subsidiaries designate certain currency swaps and foreign exchange swaps as hedges for the exposure to changes in foreign exchange rates associated with receivables or payables denominated in foreign currencies when the foreign currency positions of the hedged receivables or payables including principal and the related accrued interest are expected to exceed the principal and related accrued interest on the hedging instruments over the terms of the hedging instruments. Hedges are assessed as effective when it is determined that banking subsidiaries continue to hold foreign currency positions of the hedging derivatives corresponding to the positions of the hedged items denominated in foreign currencies.

For hedges of available-for-sale securities (other than bonds) denominated in foreign currencies, consolidated domestic banking subsidiaries adopt deferral hedge accounting and fair value hedge accounting on a portfolio basis to hedge the foreign currency risk attributable to such securities. The hedging criteria include specific designation of hedged securities and the on- and off-balance sheet liabilities denominated in foreign currencies positions covering the costs of the hedged securities denominated in the same foreign currencies.

(c) Inter-company and intra-company derivative transactions

For inter-company and intra-company derivative transactions ("internal derivatives"), including currency and interest rate swaps, consolidated domestic banking subsidiaries currently recognize gains and losses on internal derivatives or defer them as assets or liabilities without elimination in accordance with the Industry Committee Practical Guidelines No. 24 and No. 25, which permit a bank to retain the gains and losses on internal derivatives without elimination in the financial statements if the bank establishes and follows the strict hedging criteria for external transactions, requiring mirror-image transactions to be entered into within three business days with external parties after the designation of the internal derivatives as hedging instruments.

(7) Depreciation and amortization

(a) Tangible fixed assets (except for leased assets)

Depreciation of tangible fixed assets (except for leased assets) is mainly computed using the straight-line method for buildings and using the declining-balance method for equipment over the estimated useful lives. The estimated useful lives of major tangible fixed assets are as follows:

Buildings:	3 - 50 years
Equipment:	2 - 20 years

(b) Intangible fixed assets (except for leased assets and goodwill)

Amortization of intangible fixed assets (except for leased assets and goodwill) is computed using the straight-line method. Costs of software developed and obtained for internal use are capitalized and amortized using the straight-line method over the estimated useful lives (mainly five years).

(c) Leased assets

Leased assets other than those under finance lease transactions that are deemed to transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease term. Residual value of those leased assets is zero unless any guaranteed amount is prescribed in the lease agreement.

Furthermore, depreciation of leased assets deemed to transfer ownership to the lessee is computed by the same method used for owned assets.

(d) Goodwill

Goodwill is amortized over an appropriate period to be affected not to exceed 20 years using the straight-line method. Goodwill that has no material impact is fully expensed as incurred.

(8) Deferred charges

Bond issuance costs and share issuance costs are charged to expense as incurred.

(9) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group (identified as a cash-generating unit) exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset or asset group exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or asset group (i.e., value in use) or the net selling price at disposition.

For the purpose of testing impairment, certain domestic banking subsidiaries recognize individual branch offices as cash-generating units for which they identify specific cash flows. Assets which do not have identifiable cash flows such as corporate headquarters, training centers, computer centers and welfare facilities are treated as corporate assets as a whole. Branch offices to be closed and facilities not used in operations are individually assessed for impairment.

Recoverable amounts are generally measured by net realizable value, which is principally determined at appraisal values less estimated disposal costs. For certain branch offices used in operations, recoverable amounts are measured by value in use, which is calculated based on the present value of future cash flows using a reasonable discount rate.

(10) Reserve for reimbursement of deposits

Consolidated domestic banking subsidiaries generally reimburse derecognized customer deposits if a legitimate claimant appears, and such reimbursement of deposit is accounted for as a charge against income.

The Company provides a reserve for future losses on estimated reimbursements in response to the legitimate claims subsequent to the period of derecognition of the related deposit liabilities.

(11) Reserve for loan losses

The principal consolidated subsidiaries have provided a reserve for loan losses in accordance with their internal standards for write-offs and reserves as follows:

For claims to insolvent borrowers who are undergoing bankruptcy, special liquidation or bankrupt obligors (“bankrupt obligors”) or who are in substantially the same deteriorating financial condition although not yet in formal bankruptcy proceedings (“effectively bankrupt obligors”), a reserve is provided at the full amount of claims after deducting any direct write-offs and excluding the collectable amounts from the disposal of collateral and the recoverable amounts from guarantees.

For claims to borrowers who are not currently in the condition of bankruptcy or insolvency but with a high probability of becoming insolvent (“potentially bankrupt obligors”) and certain identified claims subject to close watch, the discounted cash flow method (the “DCF method”) is applied to determine the amount of reserve for individually large balances which exceed a certain pre-established threshold amount. The DCF method, however, is applied only when future cash flows from collection of principal and interest can be reasonably estimated. Under the DCF method, a reserve is provided for the difference between the present value of future cash flows discounted by the original interest rate and the carrying value of the claim.

Borrowers who have problems with lending conditions or performance status, borrowers whose business conditions are sluggish or unstable, and borrowers who have problems with financial conditions are classified as “watch obligors”, and if all or part of their claims are requiring special management, those borrowers are classified as “special attention obligors.”

For the claims to the potentially bankrupt obligors other than noted above and to the special attention obligors, a reserve is provided for the expected loan losses for the next three years. For the claims to the watch obligors other than the special attention obligors and borrowers who keep good business performance and don’t have any specific problems with financial conditions (“normal obligors”), a reserve is provided for the expected loan losses for the next one year. Those expected loan losses are computed by using the loan loss ratios derived from the average of historical loan loss ratios for the period of one or three years, and making modifications deemed necessary considering forward looking information.

For claims to certain foreign borrowers with country risk exposure, a reserve is provided for the estimated losses determined by considering the political and economic situation of respective countries.

The operating divisions initially assess all claims based on the internal standards for self-assessment of asset quality. The Internal Audit Division, which is independent from the operating divisions, examines their assessments. The reserve for loan losses is provided based on the results of these assessments of the operating divisions and the examination of the Internal Audit Division.

For collateralized or guaranteed claims to bankrupt obligors and effectively bankrupt obligors, uncollectible amounts (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written off. Such uncollectible amounts as of March 31, 2021 and 2020 were ¥186,882 million ($1,687 million) and ¥187,572 million, respectively.

Other consolidated subsidiaries mainly provide a general reserve against claims at the amount deemed necessary based on their historical loan-loss experience, and a reserve for specific claims individually determined to be uncollectible such as those to bankrupt obligors.

Additional Information

Fiscal Year March 31, 2021

Accounting estimates relating to "Reserve for loan losses" is described on "3. SIGNIFICANT ACCOUNTING ESTIMATES" due to the application of "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020).

Fiscal Year March 31, 2020

The Group considers, the spread of COVID-19 and accompanying stagnation of economic activities will continue at least to the end of the fiscal year ended March 31, 2021 and business performance of the borrowers is expected to be affected.

Under the circumstances, the Group provided a reserve for loan losses by assuming certain effects on the credit risk of the Group's loans. However, the assumptions are highly uncertain and there is a possibility that the business performance of the Group fluctuates with further changes in the situation of COVID-19 and the effects on economic activities.

(12) Reserve for possible losses on investments

A reserve for possible losses on investments is provided for the estimated losses on certain non-marketable equity securities based on an assessment of the issuers' financial condition and uncertainty about future recoverability of the decline in fair values of the investments.

(13) Reserve for employees' bonuses

A reserve for employees' bonuses is provided for the payment of performance bonuses to employees at an estimated amount accrued as of the consolidated balance sheet dates.

(14) Employees' retirement benefits

Net defined benefit liability and/or asset are provided for the payment of retirement benefits to employees in the amount deemed necessary based on the projected benefit obligation and the fair value of plan assets as of the consolidated balance sheet date.

Regarding determination of retirement benefit obligations, the benefit formula basis is adopted as the method of attributing expected benefit to the respective periods until this fiscal year end.

Prior service cost is charged to expense as incurred. Unrecognized actuarial gains and losses are amortized from the next year of incurrence by the straight-line method over a period (ten years) defined within the average remaining service period of eligible employees.

Certain consolidated subsidiaries estimated net defined benefit liability and retirement benefit costs using the simplified method whereby the retirement benefit obligations amount that would be payable if the eligible employees terminate the employment on the consolidated balance sheet date.

(15) Other reserves

Other reserves are provided to cover future expenses and losses that can be reasonably estimated.

(16) Translation of foreign currencies

Consolidated domestic banking subsidiaries translate assets and liabilities denominated in foreign currencies into Japanese yen primarily at the exchange rates at the consolidated balance sheet dates, with the exception of investments in affiliates which are translated at historical exchange rates.

The financial statements of foreign subsidiaries are translated into Japanese yen at the exchange rates as of the respective balance sheet dates, except for net assets accounts, which are translated at historical exchange rates. Differences arising from such translations are shown as “foreign currency translation adjustments” as a separate component of net assets.

Assets and liabilities denominated in foreign currency of domestic non-banking consolidated subsidiaries are translated into Japanese yen at the exchange rates at the respective balance sheet dates.

(17) Income taxes

The provision for income taxes is computed based on the pre-tax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the amounts on consolidated balance sheet and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

The Group assesses the realizability of deferred tax assets based on an assessment of the available evidence, including future taxable income, future reversal of existing temporary differences and tax planning strategies. A valuation allowance reduces the carrying amount of deferred tax assets to the extent that it is not probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax assets to be realized. Such valuation allowance may be reversed to the extent that it becomes probable that sufficient taxable income will be available and warrant the realization of tax benefits.

The Company has filed with the Japanese tax authorities a national income tax return under the consolidated corporate-tax system, which allows national income tax payments to be based on the combined profits or losses of the Company and its wholly owned domestic subsidiaries. Deferred taxes are measured based on the future tax benefits expected to be realized in consideration of the expected combined profits or losses of eligible companies in accordance with the consolidated corporate-tax system. Consolidated corporate-tax amounts, once determined, are allocated to each of the subsidiaries and are used as a basis for the income taxes to be recorded in their separate financial statements.

(18) Consumption taxes

The Company and its domestic consolidated subsidiaries accounts for national and local consumption taxes by the tax-exclusion method whereby receipts and payments of consumption taxes are not included in the transaction amounts and, accordingly, consumption tax amounts do not affect the measurement of profit or loss transactions.

(19) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows include cash and the balances due from the Bank of Japan.

(20) Per share information

Basic net income per share of common stock is computed by dividing net income attributable to common stock by the weighted-average number of shares of common stock outstanding during the fiscal year, retroactively adjusted for any stock splits.

Net assets per share of common stock is computed by dividing net assets attributable to common stock by the number of common stock outstanding at the end of the fiscal year.

(21) Accounting policy disclosure, accounting changes and error corrections

The Group applies “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020). Accounting treatments under the standard are as follows:

(i) Changes in accounting policies

When a new accounting policy is applied following revision of an accounting standard, a new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(ii) Changes in presentations

When the presentation of financial statements is changed, prior period financial statements are restated in accordance with the new presentation.

(iii) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(iv) Corrections of prior period error

When a material error in prior period financial statements is discovered, those statements are restated.

(v) Provisions of relevant accounting standards are not clarified

When provisions of relevant accounting standards are not clarified, adopted accounting policies and procedures are disclosed.

(22) Employee stock ownership plan (Stock Benefit Trust)

For the purpose to provide incentives to enhance the corporate value over the medium-to-long term, the Company executes transactions to provide the Company's shares to its Employee Shareholding Association ("ESA") through the Employee Stock Ownership Plan-type Stock Benefit Trust for the ESA ("ESOP trust").

(i) Overview of the transaction

The Company establishes a trust with certain eligible employees participating in the ESA being beneficiaries. The designated trust account acquires, during a predetermined period for stock acquisition, the equivalent number of the Company's shares that the ESA is expected to purchase thereafter. The trust account will then sell the shares on a fixed day on a monthly basis to the ESA.

If an increase in stock price or other related factors result in a profit for the trust at the end of the trust period, the excess amount will be distributed in cash to the employees who are beneficiaries of the trust in proportion to the number of shares they acquired during the trust period and other factors.

If a transfer loss arises due to a decline in the stock price and a liability remains in the trust, the Company is responsible for a lump-sum repayment of the liability in accordance with the indemnity clause stipulated in the non-recourse loan agreement.

(ii) The Company's shares remaining in the trust

The acquisition and sales of the shares by the ESOP trust are accounted for as if the Company and the ESOP trust are a single entity since the Company guarantees the obligation of the ESOP trust. Therefore, the Company's shares remaining in the trust are disclosed as treasury stocks in net assets on the consolidated balance sheet at carrying amount of the trust (excluding associated expenses). In addition, all assets and liabilities as well as income and expenses of the ESOP trust are reflected in the consolidated financial statements.

As of March 31, 2021 and 2020, the treasury stock in the ESOP trust were ¥586 million ($5 million) and ¥2,191 million, respectively, and the number of those shares were 1,050 thousand and 3,922 thousand, respectively.

(23) Share benefit trust for officers

The Company implemented a performance-based stock compensation program by using a share benefit trust for officers with authority of business execution of the Company and its consolidated subsidiaries, Resona Bank Ltd. ("Resona Bank") and Saitama Resona Bank Ltd. ("Saitama Resona Bank", together, the "Company Group Officers").

The Company applies "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No.30, March 26, 2015) for the accounting treatment of the Program.

(i) Overview of the transaction

The Company established a trust with the Company Group Officers who satisfy the requirements specified in the Share Benefit Plan being beneficiaries. The trust account acquires a certain number of the Company's shares within a predetermined period.

The Company Group Officers are awarded certain points depending upon their positions and performance achievement etc. in accordance with the Share Benefit Plan during the trust period. After determining the performance in the final fiscal year of the medium-term management plan, the Company Group Officers who satisfy the certain requirements specified in the Share Benefit Plan will receive the Company's shares, etc. based on the awarded points.

The voting rights of the Company's shares in the trust will not be exercised without exception during the trust period to ensure neutrality in management.

(ii) The Company's shares remaining in the trust

The Company's shares remaining in the trust are disclosed as treasury stock in net assets on the consolidated balance sheet at carrying amount of the trust (excluding associated expenses).

As of March 31, 2021, the carrying amount and the number of treasury stock were ¥1,403 million ($12 million) and 3,789 thousand shares. There was no transaction in the fiscal year ended March 31, 2020.

(24) Business combination

The Company applies "Accounting Standard for Business Combinations" (ASBJ Statement No.21, January16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019) for the accounting treatment of a business combination.

(25) New accounting pronouncements

Accounting standards for revenue recognition

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021)

(i) Overview

These accounting standards provide comprehensive model of accounting for revenue recognition. In accordance with the accounting standards, revenue is recognized under the five steps as follows:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

(ii) Scheduled date of application

The Group is going to apply the accounting standards from the beginning of the fiscal year ending March 31, 2022.

(iii) Effects of application

Effects of application of the accounting standards are currently being examined.

Accounting standards for fair value measurement

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)

"Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 4, 2019)

"Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019)

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

(i) Overview

To improve the comparability with international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value" (together, "Accounting standards for fair value measurement") were developed and provide guidance on fair value measurement. The accounting standards for fair value measurement are applied to the fair value of followings.

・Financial instruments under "Accounting Standard for Financial Instruments"
・Inventories held for trading purposes under "Accounting Standard for Measurement of Inventories"

In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised and notes for breakdown by level of the fair value of financial instruments are introduced.

(ii) Scheduled date of application

The Group is going to apply the accounting standards from the beginning of the fiscal year ending March 31, 2022.

(iii) Effects of application

In accordance with the transitional measures set forth in paragraph 20 of "Accounting Standard for Fair Value Measurement", in case the Group applies the new accounting standards retroactively before the current fiscal year, the cumulative effect to retained earnings at the beginning of the fiscal year ending March 31, 2022 is expected to decrease by approximately ¥1,500 million ($13million).

<u>Additional Information</u>

Application of tax effect accounting on transition from the consolidated taxation system to the group tax sharing system

With regard to the transition to the group tax sharing system introduced by the "Act Partially Amending the Income Tax Act, etc." (Act No. 8 of 2020) and items under the non-consolidated taxation system reviewed in line with the transition to the group tax sharing system, the Company and certain consolidated subsidiaries have applied the provisions of the Tax Act before the revisions in determining the amount of deferred tax assets and liabilities pursuant to Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020), instead of applying Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018).

3. SIGNIFICANT ACCOUNTING ESTIMATES

The Company applies "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the end of the fiscal year ended March 31, 2021. The notes for the previous fiscal year are not presented in accordance with the transitional treatment set forth in a provision of paragraph 11 of the accounting standard.

Item whose amount is recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which would have a significant impact on the consolidated financial statements for the following fiscal year, is "Reserve for loans losses."

(1) Amount in the consolidated financial statements for the current fiscal year

¥190,088 million ($1,716 million)

The amount includes ¥8,672 million ($78 million) of additional reserve established to prepare for credit risk associating to the loans, etc. amounting to ¥511,183 million ($4,616 million) to the borrowers who are affected by the spread of COVID-19 and accompanying stagnation of economic activity.

(2) Other information contributing to the understanding of the significant accounting estimates

(i) Determination method

The determination method of "Reserve for loan losses" is described on "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (11) Reserve for loan losses."

In the determination of additional reserve noted above, regarding the loans of Resona Bank and the domestic banking subsidiaries, the Company selected industries for which significant impact on credit risk of the borrowers is expected based on the impact analysis of the spread of COVID-19. Regarding loans to borrowers who are classified as watch obligors and belong to the selected industries, considering the occurrence of actual losses and the status of both downgrades and upgrades in borrower classification, there is uncertainty about the degree of deterioration in expected business performance in the future. Thus, the Company provided the reserve by using an expected loan loss ratio based on historical loan loss ratios with certain modifications to reflect credit risk.

(ii) Major assumptions

The major assumption of the reserve for loan losses is "Future business outlook of borrowers in determining assessment of obligors." The Company sets "Future business outlook of borrowers in determining assessment of obligors" by determining each obligor's earning ability individually.

Regarding the additional reserve noted above, the Company had assumed that the spread of COVID-19 and accompanying stagnation of economic activity would continue until the fiscal year ending March 31, 2022. However, considering the current status of the spread of COVID-19, the Company has changed the assumption that the effect will continue for about two years after the fiscal year ending March 31, 2022.

(iii) Effects on the consolidated financial statements for the next fiscal year

In case the assumptions used for initial estimates change due to the change in the business performance of individual borrowers, etc., there would be a possibility of material effect on the consolidated financial statements for the next fiscal year. Especially, the additional reserve noted above would have a possibility to increase or decrease if the industries or expected loan loss ratios relating to the loans changes along with the change in the status of the spread of COVID-19 and accompanying effect on economic activity.

4. CASH AND CASH EQUIVALENTS

The reconciliation between "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and due from banks" in the consolidated balance sheets as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Cash and due from banks	**¥ 25,223,147**	¥ 15,329,523	**$ 227,810**
Less: Due from banks except for the Bank of Japan	**(98,261)**	(94,080)	**(887)**
Cash and cash equivalents	**¥ 25,124,886**	¥ 15,235,443	**$ 226,922**

5. TRADING ASSETS AND TRADING LIABILITIES

Trading assets and liabilities as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Trading assets:			

	Millions of yen				Millions of U.S. dollars	
		2021		2020		**2021**
Trading securities	**¥**	**172,835**	¥	335,513	**$**	**1,561**
Trading-related financial derivatives		**58,860**		121,877		**531**
Total	**¥**	**231,695**	¥	457,391	**$**	**2,092**
Trading liabilities:						
Derivatives of trading securities	**¥**	**—**	¥	4	**$**	**—**
Derivatives of securities related to trading transactions		**0**		—		**0**
Trading-related financial derivatives		**39,626**		87,254		**357**
Total	**¥**	**39,626**	¥	87,259	**$**	**357**

6. SECURITIES

Securities as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen				Millions of U.S. dollars	
		2021		2020		**2021**
Japanese government bonds	**¥**	**1,945,995**	¥	1,597,498	**$**	**17,575**
Japanese local government bonds		**1,254,715**		953,255		**11,332**
Japanese corporate bonds		**1,314,832**		1,137,528		**11,875**
Japanese stocks		**1,041,329**		820,136		**9,405**
Other securities		**1,590,860**		1,047,251		**14,368**
Total	**¥**	**7,147,733**	¥	5,555,671	**$**	**64,556**

As of March 31, 2021 and 2020, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥26,736 million ($241 million) and ¥27,244 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥14,271 million ($128 million) and ¥13,106 million, respectively.

There were no securities loaned without collateral, securities borrowed without collateral, securities purchased under resale agreements or securities received under securities borrowing transactions collateralized with cash as of March 31, 2021 and 2020.

I. Securities related information

In addition to the "securities" disclosed in the consolidated balance sheet, the following tables contain information relating to negotiable certificates of deposit in "cash and due from banks," trust beneficiary rights in "monetary claims bought," and trading securities and short-term bonds in "trading assets".

(1) Held-to-maturity debt securities

The amounts on the consolidated balance sheet, estimated fair value and unrealized gains (losses) on held-to-maturity debt securities as of March 31, 2021 and 2020 were as follows:

	Millions of yen					
		Amount on consolidated balance sheet		Estimated fair value		Net unrealized gains (losses)
March 31, 2021						
Fair value exceeding amount on consolidated balance sheet:						
Held-to-maturity debt securities:						
Japanese government bonds	**¥**	**655,110**	**¥**	**667,583**	**¥**	**12,472**
Japanese local government bonds		**480,613**		**485,737**		**5,124**
Japanese corporate bonds		**76,081**		**77,148**		**1,066**
Total	**¥**	**1,211,805**	**¥**	**1,230,469**	**¥**	**18,663**
Fair value below amount on consolidated balance sheet:						
Held-to-maturity debt securities:						
Japanese government bonds	**¥**	**380,548**	**¥**	**374,733**	**¥**	**(5,815)**
Japanese local government bonds		**256,635**		**255,796**		**(838)**
Japanese corporate bonds		**93,249**		**92,744**		**(505)**
Total	**¥**	**730,434**	**¥**	**723,274**	**¥**	**(7,160)**
Grand total	**¥**	**1,942,240**	**¥**	**1,953,744**	**¥**	**11,503**

March 31, 2020

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 1,133,258	¥ 1,153,877	¥ 20,618
Japanese local government bonds	491,021	498,184	7,163
Japanese corporate bonds	87,518	88,967	1,448
Total	¥ 1,711,798	¥ 1,741,029	¥ 29,230
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 11,011	¥ 10,979	¥ (32)
Japanese local government bonds	215,618	214,712	(906)
Japanese corporate bonds	30,023	29,886	(136)
Total	¥ 256,653	¥ 255,577	¥ (1,075)
Grand total	¥ 1,968,451	¥ 1,996,606	¥ 28,155

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2021			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$ 5,916**	**$ 6,029**	**$ 112**
Japanese local government bonds	**4,340**	**4,387**	**46**
Japanese corporate bonds	**687**	**696**	**9**
Total	**$ 10,944**	**$ 11,113**	**$ 168**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$ 3,437**	**$ 3,384**	**$ (52)**
Japanese local government bonds	**2,317**	**2,310**	**(7)**
Japanese corporate bonds	**842**	**837**	**(4)**
Total	**$ 6,597**	**$ 6,532**	**$ (64)**
Grand total	**$ 17,541**	**$ 17,645**	**$ 103**

(2) Available-for-sale securities

The amounts on the consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on available-for-sale securities as of March 31, 2021 and 2020 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2021			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**¥ 943,905**	**¥ 290,933**	**¥ 652,972**
Bonds:			
Japanese government bonds	**32,109**	**31,982**	**126**
Japanese local government bonds	**198,642**	**198,361**	**280**
Japanese corporate bonds	**770,681**	**766,071**	**4,609**
Total bonds	**1,001,433**	**996,415**	**5,017**
Other	**305,630**	**284,357**	**21,272**
Total	**¥ 2,250,969**	**¥ 1,571,706**	**¥ 679,262**

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2021			
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ **37,556**	¥ **43,623**	¥ **(6,067)**
Bonds:			
Japanese government bonds	**878,226**	**893,786**	**(15,560)**
Japanese local government bonds	**318,824**	**319,587**	**(762)**
Japanese corporate bonds	**374,819**	**376,783**	**(1,963)**
Total bonds	**1,571,870**	**1,590,157**	**(18,287)**
Other	**1,244,656**	**1,291,547**	**(46,890)**
Total	¥ **2,854,083**	¥ **2,925,328**	¥ **(71,244)**
Grand total	¥ **5,105,052**	¥ **4,497,034**	¥ **608,017**

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2020			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	¥ 684,071	¥ 258,410	¥ 425,661
Bonds:			
Japanese government bonds	14,121	14,102	18
Japanese local government bonds	79,580	79,413	167
Japanese corporate bonds	704,544	699,386	5,158
Total bonds	798,247	792,902	5,344
Other	682,494	657,848	24,646
Total	¥ 2,164,814	¥ 1,709,161	¥ 455,653
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ 76,240	¥ 91,492	¥ (15,251)
Bonds:			
Japanese government bonds	439,106	445,587	(6,480)
Japanese local government bonds	167,034	167,606	(571)
Japanese corporate bonds	315,441	317,017	(1,575)
Total bonds	921,583	930,211	(8,627)
Other	329,239	351,296	(22,057)
Total	¥ 1,327,062	¥ 1,373,000	¥ (45,937)
Grand total	¥ 3,491,877	¥ 3,082,161	¥ 409,715

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2021			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	$ **8,525**	$ **2,627**	$ **5,897**
Bonds:			
Japanese government bonds	**290**	**288**	**1**
Japanese local government bonds	**1,794**	**1,791**	**2**
Japanese corporate bonds	**6,960**	**6,918**	**41**
Total bonds	**9,044**	**8,999**	**45**
Other	**2,760**	**2,568**	**192**
Total	$ **20,330**	$ **14,195**	$ **6,134**

March 31, 2021	Millions of U.S. dollars Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	$ 339	$ 393	$ (54)
Bonds:			
Japanese government bonds	7,931	8,072	(140)
Japanese local government bonds	2,879	2,886	(6)
Japanese corporate bonds	3,385	3,403	(17)
Total bonds	14,196	14,361	(165)
Other	11,241	11,664	(423)
Total	$ 25,777	$ 26,420	$ (643)
Grand total	$ 46,107	$ 40,616	$ 5,491

(3) Securities sold during the fiscal year

There were no held-to-maturity debt securities sold during the fiscal years ended March 31, 2021 and 2020.

Proceeds from sales of available-for-sale securities, gains on sales and losses on sales for the fiscal years ended March 31, 2021 and 2020 were as follows:

	Millions of yen			Millions of U.S. dollars		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
March 31, 2021						
Available-for-sale securities:						
Japanese stocks	**¥ 47,238**	**¥ 32,602**	**¥ 625**	**$ 426**	**$ 294**	**$ 5**
Bonds:						
Japanese government bonds	**2,241,093**	**1,821**	**1,609**	**20,241**	**16**	**14**
Japanese local government bonds	**2,884**	**0**	—	**26**	**0**	—
Japanese corporate bonds	**19,673**	**3,187**	**0**	**177**	**28**	**0**
Total bonds	**2,263,650**	**5,009**	**1,609**	**20,444**	**45**	**14**
Other	**1,806,297**	**32,775**	**10,763**	**16,314**	**296**	**97**
Total	**¥ 4,117,187**	**¥ 70,387**	**¥ 12,998**	**$ 37,185**	**$ 635**	**$ 117**
March 31, 2020						
Available-for-sale securities:						
Japanese stocks	¥ 39,258	¥ 19,752	¥ 761			
Bonds:						
Japanese government bonds	3,601,203	8,367	2,850			
Japanese local government bonds	56,309	169	—			
Japanese corporate bonds	94,066	543	0			
Total bonds	3,751,579	9,080	2,850			
Other	2,205,882	34,886	32,718			
Total	¥ 5,996,719	¥ 63,719	¥ 36,330			

(4) Change in classification of securities

For the fiscal years ended March 31, 2021 and 2020, the Group did not reclassify any securities.

(5) Impairment of securities

An impairment of securities is recognized if the decline in fair values is substantial and the decline is determined to be other than temporary.

For the fiscal years ended March 31, 2021 and 2020, impairment losses of ¥1,813 million ($16 million) and ¥8,664 million, respectively, were recorded with respect to securities with fair values except for trading securities.

To assess whether or not a decline in fair values is substantial, the Group considers not only the severity and duration of the decline in value but also the classification of the security issuer is used in the self-assessment of asset quality as follows:

(i) For issuers who are classified as bankrupt obligors, effectively bankrupt obligors and potentially bankrupt obligors: where the fair value is lower than the amortized cost or acquisition cost.

(ii) For issuers who are classified as watch obligors: where the fair value declines by 30% or more compared to the amortized cost or acquisition cost.

(iii) Other: where the fair value declines by 50% or more compared to the amortized cost or acquisition cost.

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

Reconciliation of net unrealized gains on available-for-sale securities to the amounts included in "net unrealized gains on available-for-sale securities," presented as a separate component of net assets in the consolidated balance sheets as of March 31, 2021 and 2020, were as follows:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Net unrealized gains before taxes on available-for-sale securities (*)	**¥ 601,170**	¥ 402,583	**$ 5,429**
Deferred tax liabilities	**(155,893)**	(99,290)	**(1,407)**
Net unrealized gains on available-for-sale securities (before adjustment)	**445,277**	303,292	**4,021**
Amounts attributable to noncontrolling interests	**(2,407)**	2,921	**(21)**
The Company's portion of unrealized gains (losses) on available-for-sale securities of equity method investees	**32**	(18)	**0**
Amounts recorded in the consolidated balance sheets	**¥ 442,901**	¥ 306,196	**$ 4,000**

Note: For the fiscal years ended March 31, 2021 and 2020, discontinued fair value hedge gains previously recognized as income of ¥6,847 million ($61 million) and ¥7,132 million, respectively, were excluded from net unrealized gains before taxes on available-for-sale securities.

7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Bills discounted	**¥ 64,194**	¥ 90,012	**$ 579**
Loans on notes	**433,830**	516,147	**3,918**
Loans on deeds	**35,431,394**	32,639,216	**320,008**
Overdrafts	**3,049,540**	3,400,175	**27,542**
Total	**¥ 38,978,959**	¥ 36,645,552	**$ 352,049**

The following loans were included in loans and bills discounted as of March 31, 2021 and 2020

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Loans to borrowers in legal bankruptcy	**¥ 9,654**	¥ 14,835	**$ 87**
Past due loans	**358,662**	342,223	**3,239**
Loans past due three months or more	**5,204**	5,422	**47**
Restructured loans	**176,201**	164,250	**1,591**
Total	**¥ 549,722**	¥ 526,732	**$ 4,964**

The above amounts are stated before the deduction of the reserve for loan losses.

"Loans to borrowers in legal bankruptcy" are loans on which accrued interest income is not recognized and which are highly probable to become unrecoverable. Specific conditions for inclusion in this category are as follows:

(i) Borrowers have made application for procedures under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, liquidation under the Companies Act of Japan (the "Companies Act"), or liquidation under other legal provisions.

(ii) Clearance of promissory notes or bills issued by the borrower is suspended.

"Past due loans" are loans on which accrued interest income is not recognized, excluding "loans to borrowers in legal bankruptcy" and loans on which interest payments are deferred in order to support the borrowers' recovery from financial difficulties.

"Loans past due three months or more" include accruing loans for which principal or interest is past due three months or more.

"Restructured loans" are loans to borrowers in financial difficulty to whom the Group has provided financial support through modification of the lending terms to be more favorable to the borrower, including reduction of interest rates, suspension of repayment of principal and interest and debt forgiveness.

Bills discounted are recorded as lending transactions in accordance with the Industry Committee Practical Guidelines No. 24. Certain consolidated banking subsidiaries have a right to sell or repledge as collateral such discounted bills at their discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, were ¥75,865 million ($685 million) and ¥101,492 million as of March 31, 2021 and 2020, respectively.

For loan participations, in accordance with "Accounting Treatment and Representation of Loan Participation" (JICPA Accounting System Committee Report No. 3, November 28, 2014), the participated principal amounts accounted as loans for original debtors was ¥34,794 million ($314 million) and ¥38,657 million as of March 31, 2021 and 2020, respectively.

8. FOREIGN EXCHANGE

Foreign exchange assets and liabilities as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Assets:			
Due from foreign banks	**¥ 96,641**	¥ 64,507	**$ 872**
Foreign bills of exchange bought	**11,671**	11,480	**105**
Foreign bills of exchange receivable	**31,123**	31,472	**281**
Total	**¥ 139,436**	¥ 107,460	**$ 1,259**
Liabilities:			
Due to foreign banks	**¥ 5,800**	¥ 2,959	**$ 52**
Foreign bills of exchange sold	**291**	515	**2**
Foreign bills of exchange payable	**1,932**	1,601	**17**
Total	**¥ 8,025**	¥ 5,076	**$ 72**

9. OTHER ASSETS

Other assets as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Prepaid expenses	**¥ 14,008**	¥ 14,397	**$ 126**
Accrued income	**55,658**	50,018	**502**
Initial margins for futures transactions	**86,818**	58,263	**784**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**107,301**	147,837	**969**
Guarantee deposits	**23,327**	23,935	**210**
Cash collateral paid for financial instruments	**93,342**	93,726	**843**
Other receivable on sales of securities	**49,044**	30,607	**442**
Other	**535,691**	545,526	**4,838**
Total	**¥ 965,192**	¥ 964,312	**$ 8,717**

10. TANGIBLE FIXED ASSETS

Tangible fixed assets as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Land, buildings and leased assets	**¥ 672,341**	¥ 666,887	**$ 6,072**
Construction in progress	**2,473**	3,851	**22**
Subtotal	**674,815**	670,738	**6,094**
Accumulated depreciation	**(313,637)**	(300,947)	**(2,832)**
Total	**¥ 361,178**	¥ 369,790	**$ 3,262**

Under certain conditions such as exchanges of tangible fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to effectively defer the recognition of taxable profit arising from such transactions by reducing the cost of the assets acquired. Such deferred profit amounted to ¥49,070 million ($443 million) and ¥49,182 million as of March 31, 2021 and 2020, respectively.

11. INTANGIBLE FIXED ASSETS

Intangible fixed assets as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Software	**¥ 15,715**	¥ 17,996	**$ 141**
Leased assets	**30,678**	25,574	**277**
Other intangible fixed assets	**6,945**	6,199	**62**
Total	**¥ 53,339**	¥ 49,770	**$ 481**

12. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and debt collateralized as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Assets pledged as collateral:			
Cash and due from banks	**¥ 1,598**	¥ 7,794	**$ 14**
Trading assets	**54,009**	—	**487**
Securities	**3,585,045**	2,334,527	**32,379**
Loans and bills discounted	**8,120,412**	90,040	**73,341**
Lease receivables and investments in leases	**1,378**	9,543	**12**
Other assets	**8,601**	11,598	**77**
Debt collateralized:			
Deposits	**¥ 171,151**	¥ 169,397	**$ 1,545**
Payables under repurchase agreements	**3,000**	—	**27**
Payables under securities lending transactions	**1,064,481**	532,433	**9,614**
Borrowed money	**7,158,598**	679,660	**64,654**
Other liabilities	**12,833**	11,430	**115**

In addition to the pledged assets shown above, the following assets were pledged as collateral for settlements of domestic exchanges, or for futures transactions as of March 31, 2021 and 2020.

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Assets pledged as collateral:			
Cash and due from banks	**¥ 0**	¥ 0	**$ 0**
Securities	**18,595**	26,907	**167**
Other assets	**450,729**	450,709	**4,070**

In addition to the above, following initial margins for futures transactions, cash collateral paid for financial instruments and guarantee deposits were included in other assets as of March 31, 2021 and 2020.

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Initial margins for futures transactions	**¥ 86,818**	¥ 58,263	**$ 784**
Cash collateral paid for financial instruments	**93,342**	93,726	**843**
Guarantee deposits	**23,327**	23,935	**210**

13. COMMITMENT LINE AGREEMENTS

Overdraft agreements on current accounts and commitment line agreements for loans are agreements to extend loans up to the prearranged amount at a quoted rate during a specific future period upon customers' requests, unless any terms or conditions in the agreements are violated.

Unused balances related to these agreements as of March 31, 2021 and 2020 amounted to ¥11,516,360 million ($104,013 million) and ¥10,452,521 million, respectively, including ¥10,703,545 million ($96,672 million) and ¥9,780,311 million, respectively, of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty.

The unused balances do not necessarily affect future cash flows of the Group because most of these agreements are expected to expire without being exercised. In addition, most agreements contain provisions which stipulate that the Group may decline to extend loans or reduce the prearranged commitment amount when there are adverse changes in the financial conditions of the borrowers or for other reasons.

When extending loans to customers, the Group may request collateral or guarantees such as real estate and securities if deemed necessary. After originating loans, the Group periodically checks the financial condition of the borrowers based on its internal rules and, if necessary, takes measures to ensure the security of the loans.

14. DEPOSITS

Deposits as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Current deposits	**¥ 5,033,589**	¥ 4,194,841	**$ 45,462**
Ordinary deposits	**38,345,298**	33,396,436	**346,326**
Savings deposits	**377,310**	365,818	**3,407**
Notice deposits	**98,089**	95,554	**885**
Time deposits	**13,548,517**	13,622,090	**122,367**
Other deposits	**1,288,418**	1,235,238	**11,636**
Total	**¥ 58,691,223**	¥ 52,909,979	**$ 530,086**

15. BORROWED MONEY AND LEASE OBLIGATIONS

(1) Borrowed money

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. The weighted average annual interest rates applicable to borrowed money were 0.01% and 0.53% for the fiscal years ended March 31, 2021 and 2020, respectively.

Borrowed money includes subordinated borrowed money of ¥5,200 million which performance of the obligation is subordinated as of March 31, 2020.

The following is a summary of maturities of borrowed money subsequent to March 31, 2021:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2022	**¥ 6,694,324**	**$ 60,461**
2023	**145,272**	**1,312**
2024	**157,104**	**1,418**
2025	**216,933**	**1,959**
2026	**2,851**	**25**
2027 and thereafter	**1,682**	**15**
Total	**¥ 7,218,168**	**$ 65,192**

(2) Obligations under finance lease transactions

As of March 31, 2021 and 2020, the weighted average annual interest rates applicable to the finance lease obligations were 0.14% and 0.13%, respectively.

The following is a summary of maturities of the finance lease obligations subsequent to March 31, 2021:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2022	¥ **16,051**	$ **144**
2023	**13,598**	**122**
2024	**11,233**	**101**
2025	**7,439**	**67**
2026	**2,851**	**25**
2027 and thereafter	**314**	**2**
Total	¥ **51,489**	$ **465**

The finance lease obligations were included in other liabilities in the consolidated balance sheet.

16. BONDS

Bonds as of March 31, 2021 and 2020 consisted of the following:

	Rate	Maturity	Millions of yen	Millions of U.S. dollars
March 31, 2021				
The Company:				
No. 11 Straight bond	**0.05%**	**July 27, 2021**	¥ **30,000**	$ **270**
No. 12 Straight bond	**0.12%**	**January 24, 2022**	**25,000**	**225**
No. 14 Straight bond	**0.15%**	**June 2, 2022**	**30,000**	**270**
No. 15 Straight bond	**0.25%**	**May 31, 2024**	**10,000**	**90**
No. 17 Straight bond	**0.18%**	**December 20, 2022**	**20,000**	**180**
No. 18 Straight bond	**0.06%**	**July 23, 2021**	**10,000**	**90**
No. 19 Straight bond	**0.17%**	**July 21, 2023**	**30,000**	**270**
No. 20 Straight bond	**0.27%**	**July 23, 2025**	**10,000**	**90**
No. 21 Straight bond	**0.18%**	**December 14, 2023**	**25,000**	**225**
No. 22 Straight bond	**0.14%**	**July 19, 2024**	**30,000**	**270**
No. 23 Straight bond	**0.06%**	**December 13, 2022**	**10,000**	**90**
Resona Bank, Limited:				
Subordinated bonds	**1.60% to 2.46%**	**September 28, 2020 to March 15, 2027**	**96,000**	**867**
Total			¥ **326,000**	$ **2,944**

	Rate	Maturity	Millions of yen
March 31, 2020			
The Company:			
No. 11 Straight bond	0.05%	July 27, 2021	¥ 30,000
No. 12 Straight bond	0.12%	January 24, 2022	25,000
No. 13 Straight bond	0.06%	June 2, 2020	20,000
No. 14 Straight bond	0.15%	June 2, 2022	30,000
No. 15 Straight bond	0.25%	May 31, 2024	10,000
No. 16 Straight bond	0.08%	December 18, 2020	10,000
No. 17 Straight bond	0.18%	December 20, 2022	20,000
No. 18 Straight bond	0.06%	July 23, 2021	10,000
No. 19 Straight bond	0.17%	July 21, 2023	30,000
No. 20 Straight bond	0.27%	July 23, 2025	10,000
No. 21 Straight bond	0.18%	December 14, 2023	25,000
No. 22 Straight bond	0.14%	July 19, 2024	30,000
No. 23 Straight bond	0.06%	December 13, 2022	10,000
Resona Bank, Limited:			
Subordinated bonds	1.60% to 2.76%	June 20, 2019 to March 15, 2027	136,000
Total			¥ 396,000

Note: All of the outstanding bonds are unsecured.

The following is a summary of the maturities of bonds subsequent to March 31, 2021:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2022	¥ 125,000	$ 1,128
2023	60,000	541
2024	55,000	496
2025	40,000	361
2026	10,000	90
2027 and thereafter	36,000	325
Total	¥ 326,000	$ 2,944

Note: The above amounts are stated at carrying amounts.

17. OTHER LIABILITIES

Other liabilities as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	2021
Accrued income taxes	¥ 45,343	¥ 13,090	$ 409
Accrued expenses	17,907	20,782	161
Unearned income	34,970	36,139	315
Cash collateral received for financial instruments	15,717	44,842	141
Lease obligations	51,489	44,980	465
Asset retirement obligations	4,166	3,102	37
Other payable on purchases of securities	8,544	49,014	77
Financial derivatives, principally including option premiums and contracts under hedge accounting	80,602	102,856	727
Other	404,958	385,939	3,657
Total	¥ 663,699	¥ 700,746	$ 5,994

18. OTHER RESERVES

(i) A reserve for reimbursement of deposits is provided for the estimated future losses resulting from reimbursements of deposits subsequent to the period of derecognition of the related liabilities, and amounted to ¥23,507 million ($212 million) and ¥26,791 million as of March 31, 2021 and 2020, respectively.

(ii) A reserve for expense on burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans to certain small and medium-sized companies, and amounted to ¥4,856 million ($43 million) and ¥5,039 million as of March 31, 2021 and 2020, respectively.

(iii) A reserve for Resona Club points is provided for the estimated future expense by usage of the points awarded to the Resona Club members and amounted to ¥4,623 million ($41 million) and ¥4,895 million as of March 31, 2021 and 2020, respectively.

19. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "acceptances and guarantees." As a contra account, "customers' liabilities for acceptances and guarantees" are shown on the assets side of the consolidated balance sheets, representing the Group's right of indemnity from the applicants.

In addition to the acceptances and guarantees described above, a consolidated domestic banking subsidiary guarantees the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥1,316,764 million ($11,892 million) and ¥1,329,704 million as of March 31, 2021 and 2020, respectively.

20. REVALUATION RESERVE FOR LAND

Effective March 31, 1998, certain domestic consolidated subsidiaries adopted a special one-time measure to revalue their land used in operations in accordance with the "Act Concerning Land Revaluation" (Act 34, announced on March 31, 1998). The land revaluation differences have been recorded in "revaluation reserve for land" as a separate component of net assets with the related income taxes included in "deferred tax liabilities for land revaluation."

In accordance with Article 3, Item 3 of the Act, the revaluation was based on the official notice prices stated in the "Act of Public Notice of Land Prices" (assessment date, January 1, 1998) as stipulated in Article 2, Item 1 of the "Ordinance for the Act Concerning Land Revaluation" (Government Ordinance No. 119, announced on March 31, 1998) after making reasonable adjustments for the location and quality of the sites.

The aggregate carrying value of the land after one-time revaluation exceeded its aggregate fair value that was determined in accordance with Article 10 of the Act by ¥2,348 million ($21 million) and ¥2,265 million as of March 31, 2021 and 2020, respectively.

21. NET ASSETS

(1) Capital requirement

The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(i) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, an Audit and Supervisory Committee or a Nominating Committee, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all of the above criteria.

The Board of Directors of companies with a Nominating Committee, etc. can also declare dividends (except for dividends-in-kind) because such companies with corporate governance committees already, by nature, meet the above criteria under the Companies Act, even though such companies have an audit committee instead of the Board of Corporate Auditors. The Company is organized as a company with Nominating Committees.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements. Interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate.

The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(ii) Increase, decrease and transfer of stated capital, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a capital reserve (a component of capital surplus) or as a legal reserve (a component of retained earnings) depending on the net assets account charged upon the payment of such dividends until the total of the aggregate amount of the capital reserve and the legal reserve equals 25% of stated capital.

Under the Companies Act, the total amount of the capital reserve and the legal reserve may be available for dividends upon resolution of the stockholders after transferring the amount to retained earnings without limitation. The Companies Act also provides that stated capital, the capital reserve, the legal reserve, other capital surplus (capital surplus other than the capital reserve) and other retained earnings (retained earnings other than the legal reserve) can be transferred among the accounts under certain conditions upon resolution of the stockholders. In addition, a company can do so without resolution of the stockholders when it meets certain other conditions under Articles 447-3 and 448-3.

(iii) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to acquire treasury stock and dispose such treasury stock by resolution of the Board of Directors. The amount of treasury stock acquired cannot exceed the amount available for distribution to the stockholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of net assets.

The Companies Act also provides that companies can acquire both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights.

(iv) Accounting standards for treasury shares and appropriation of legal reserve

The ASBJ Statement No. 1, "Accounting Standards for Treasury Shares and Appropriation of Legal Reserve," and the ASBJ Guidance No. 2, "Guidance on Accounting Standards for Treasury Shares and Appropriation of Legal Reserve," clarify the accounting treatment for retirement of treasury stock, requiring the cost of retired treasury stock to be first deducted from other capital surplus (capital surplus other than the capital reserve). These standards also require that when the other capital surplus at the end of the fiscal year would become negative as a result of retirement of treasury stock, the negative balance of other capital surplus shall be zero and the negative balance shall be deducted from other retained earnings (retained earnings other than the legal reserve).

(2) Capital stock - Changes during the fiscal year

The changes in the number and class of shares issued and treasury stock for the fiscal year ended March 31, 2021 were as follows:

	(Shares in thousands)			
	As of April 1, 2020	Changes during the fiscal year Increase	Changes during the fiscal year Decrease	As of March 31, 2021
Issued stock:				
Common stock	2,324,118	417	21,706	**2,302,829** (*1)
Treasury stock:				
Common stock	26,619	3,797	24,578	**5,837** (*2)

Notes: (*1) The increase in common stock represents newly issued common shares for the performance-based stock compensation program. The decrease in common stock represents cancellation of common shares pursuant to Article 737, paragraph (1) of the Companies Act.

(*2) The increase in common stock of treasury stock represents acquisition of 7 thousand odd-lot shares and acquisition of 3,789 thousand shares by the share benefit trust for officers. The decrease in common stock of treasury stock represents cancellation of 0 thousand odd-lot shares, sales of 2,871 thousand shares owned by the ESOP trust to the ESA, and cancellation of 21,706 shares of common stock described in (*1).

Number of shares at the beginning of the fiscal year include 3,922 thousand shares owned by the ESOP. The number of shares at the end of the fiscal year include 1,050 thousand shares owned by the ESOP trust and 3,789 thousand shares owned by the share benefit trust for officers.

The changes in the number and class of shares issued and treasury stock for the fiscal year ended March 31, 2020 were as follows:

	(Shares in thousands)			
	As of April 1, 2019	Changes during the fiscal year Increase	Changes during the fiscal year Decrease	As of March 31, 2020
Issued stock:				
Common stock..................................	2,324,118	—	—	2,324,118
Treasury stock:				
Common stock..................................	7,296	21,714	2,392	26,619 (*1)(*2)

Notes: (*1) The increase represents acquisition of 21,706 thousand shares of own common stock by the resolution of the Board of Director's meeting held on May 10, 2019 and 7 thousand odd-lot shares.

(*2) The decrease represents cancellation of 0 thousand odd-lot shares and sales of 2,391 thousand shares owned by the ESOP trust to the ESA.

Number of shares at the beginning of the fiscal year and the end of the fiscal year include 6,314 thousand shares and 3,922 thousand shares, respectively, owned by the ESOP trust.

(3) Capital stock – Number of shares

Number of shares of common stock as of March 31, 2021 was as follows:

	Number of shares	
Class of stock	Authorized	Issued
Common stock......	**6,000,000,000**	**2,302,829,191**

Notes: (*1) In addition to the above, the authorized numbers of shares for preferred stocks are as follows as of March 31, 2021:

First Series of Class Seven preferred stock:	10,000,000 shares
Second Series of Class Seven preferred stock:	10,000,000 shares
Third Series of Class Seven preferred stock:	10,000,000 shares
Fourth Series of Class Seven preferred stock:	10,000,000 shares
First Series of Class Eight preferred stock:	10,000,000 shares
Second Series of Class Eight preferred stock:	10,000,000 shares
Third Series of Class Eight preferred stock:	10,000,000 shares
Fourth Series of Class Eight preferred stock:	10,000,000 shares

(*2) The total number of authorized shares for the First through Fourth Series of Class Seven preferred stocks shall not exceed 10,000,000 shares in the aggregate. The total number of authorized shares for the First through Fourth Series of Class Eight preferred stocks shall not exceed 10,000,000 shares in the aggregate.

(4) Cash dividends per share

Cash dividends per share applicable to the fiscal years ended March 31, 2021 and 2020 and cash dividends per share paid during the fiscal years ended March 31, 2021 and 2020 were as follows:

	Cash dividends per share applicable to the fiscal year					
	Yen				U.S. dollars	
	2021		2020		**2021**	
Source of dividends / Class of stock	Interim cash dividend (*1)	Year-end cash dividend (*2)	Interim cash dividend	Year-end cash dividend (*3)	Interim cash dividend (*1)	Year-end cash dividend (*2)
Dividends from retained earnings:						
Common stock	**¥ 10.500**	**¥ 10.500**	¥ 10.500	¥ 10.500	**$ 0.094**	**$ 0.094**

	Cash dividends per share paid during the fiscal year					
	Yen				U.S. dollars	
	2021		2020		**2021**	
Source of dividends / Class of stock	Year-end cash dividend (*3)	Interim cash dividend (*1)	Year-end cash dividend (*4)	Interim cash dividend	Year-end cash dividend (*3)	Interim cash dividend (*1)
Dividends from retained earnings:						
Common stock	**¥ 10.500**	**¥ 10.500**	¥ 10.500	¥ 10.500	**$ 0.094**	**$ 0.094**

Notes: (*1) Interim cash dividends for the fiscal year ended March 31, 2021 were approved at the Board of Directors' meeting held on November 10, 2020.
(*2) Year-end cash dividends for the fiscal year ended March 31, 2021 were approved at the Board of Directors' meeting held on May 11, 2021.
(*3) Year-end cash dividends for the fiscal year ended March 31, 2020 were approved at the Board of Directors' meeting held on May 12, 2020.
(*4) Year-end cash dividends for the fiscal year ended March 31, 2019 were approved at the Board of Directors' meeting held on May 10, 2019.

22. INTEREST INCOME AND EXPENSES

Interest income and expenses for the fiscal years ended March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Interest income:			
Interest on loans and bills discounted	**¥ 357,938**	¥ 369,559	**$ 3,232**
Interest and dividends on securities	**50,638**	74,157	**457**
Interest on call loans and bills bought	**613**	1,990	**5**
Interest on receivables under securities borrowing transactions	**(4)**	(3)	**(0)**
Interest on receivables under repurchase agreements	**44**	0	**0**
Interest on due from banks	**12,729**	11,337	**114**
Other interest income	**13,706**	21,210	**123**
Total	**¥ 435,665**	¥ 478,252	**$ 3,934**

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Interest expenses:			
Interest on deposits	**¥ 9,779**	¥ 19,384	**$ 88**
Interest on negotiable certificates of deposit	**50**	90	**0**
Interest on call money and bills sold	**85**	3,047	**0**
Interest on payables under repurchase agreements	**0**	0	**0**
Interest on payables under securities lending transactions	**1,813**	12,890	**16**
Interest on borrowed money	**2,176**	4,777	**19**
Interest on bonds	**2,623**	4,289	**23**
Other interest expenses	**1,698**	2,641	**15**
Total	**¥ 18,227**	¥ 47,122	**$ 164**

23. TRADING INCOME

Trading income for the fiscal years ended March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
Trading income:	**2021**	2020	**2021**
Income from trading securities	**¥ 224**	¥ —	**$ 2**
Income from trading-related financial derivatives	**5,589**	5,157	**50**
Other trading income	**151**	77	**1**
Total	**¥ 5,965**	¥ 5,235	**$ 53**

Income from trading securities included net valuation losses of ¥13 million ($0 million) and net valuation gain ¥50 million for the fiscal years ended March 31, 2021 and 2020, respectively.

24. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses for the fiscal years ended March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Other operating income:			
Gains on foreign exchange transactions	**¥ 6,945**	**¥** 13,800	**$ 62**
Gains on sales of Japanese government bonds and other	**16,350**	31,973	**147**
Other	**23,584**	23,549	**213**
Total	**¥ 46,880**	¥ 69,323	**$ 423**
Other operating expenses:			
Losses on sales of Japanese government bonds and other	**¥ 7,151**	¥ 10,649	**$ 64**
Impairment losses on Japanese corporate bonds and other	**1,085**	3,856	**9**
Expenses on derivatives other than for trading or hedging	**—**	3,033	**—**
Other	**14,183**	19,205	**128**
Total	**¥ 22,419**	¥ 36,745	**$ 202**

25. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the fiscal years ended March 31, 2021 and 2020 included following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Salaries and allowances	**¥ 167,692**	¥ 167,470	**$ 1,514**

26. OTHER INCOME AND EXPENSES

Other income and expenses for the fiscal years ended March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Other income:			
Gains on sales of stocks and other securities	**¥ 53,755**	¥ 31,216	**$ 485**
Gains on disposal of fixed assets	**1,716**	2,381	**15**
Recoveries of written-off loans	**13,937**	15,521	**125**
Gain on contribution of securities to retirement benefit trust	**—**	4,930	**—**
Other	**6,998**	22,623	**63**
Total	**¥ 76,407**	¥ 76,673	**$ 690**
Other expenses:			
Write-offs of loans	**¥ 24,289**	¥ 19,758	**$ 219**
Provision to reserve for loan losses	**44,642**	15,349	**403**
Losses on sales of stocks and other securities	**5,847**	25,680	**52**
Impairment losses on stocks and other securities	**920**	5,003	**8**
Losses on disposal of fixed assets	**1,784**	1,699	**16**
Impairment losses on fixed assets (*1)	**6,576**	7,725	**59**
Other	**21,300**	21,419	**192**
Total	**¥ 105,359**	¥ 96,635	**$ 951**

Note: (*1) For the fiscal year ended March 31, 2020, one of the consolidated banking subsidiaries in Kansai region decided an integration, abolition and relocation of their branches after the merger, and the carrying amount (land and buildings) is expected not to be recoverable. The carrying amount was reduced to the recoverable amount and ¥4,610 million of impairment losses on fixed assets was recognized and included in the above table. The recoverable amounts are measured by their net realizable values, which are computed at their appraisal values determined in accordance with the real estate appraisal standards less those estimated disposal costs. The branches, for which income and expenditures are managed and monitored continuously, are mainly considered as the smallest unit of grouping.

27. INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.59% for the fiscal years ended March 31, 2021 and 2020.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Deferred tax assets:			
Write-downs of securities	**¥ 530,544**	¥ 533,119	**$ 4,791**
Reserve for loan losses and write-offs of loans	**98,880**	88,964	**893**
Net defined benefit liability	**39,339**	44,013	**355**
Tax loss carryforwards (*2)	**19,148**	27,212	**172**
Other	**69,242**	68,020	**625**
Gross deferred tax assets	**757,156**	761,330	**6,838**
Less: Valuation allowance for tax loss carryforwards (*2)	**(18,990)**	(20,974)	**(171)**
Valuation allowance for total of deductible temporary differences	**(576,990)**	(578,196)	**(5,211)**
Valuation allowance total (*1)	**(595,980)**	(599,171)	**(5,382)**
Total deferred tax assets	**161,175**	162,159	**1,455**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**(158,825)**	(103,022)	**(1,434)**
Deferred gains on hedges	**(5,090)**	(7,750)	**(45)**
Gains on securities transferred to employees' retirement benefit trust	**(5,617)**	(5,657)	**(50)**
Dividends receivable	**(2,842)**	(3,089)	**(25)**
Other	**(13,685)**	(12,861)	**(123)**
Total deferred tax liabilities	**(186,060)**	(132,380)	**(1,680)**
Net deferred tax assets	**¥ (24,884)**	¥ 29,778	**$ (224)**

Notes: (*1) Valuation allowance total has not changed significantly.

(*2) Breakdown of tax loss carryforwards and related deferred tax assets by expiry date as of March 31, 2021 and 2020 are as follows.

Fiscal Year Ending March 31,2021	2022	2023	2024	2025	2026	2027 and thereafter	Total
Tax loss carryforwards (*)	**¥ 63**	**¥ 229**	**¥ 147**	**¥ 82**	**¥ 64**	**¥ 18,561**	**¥ 19,148**
Valuation allowance	**(60)**	**(192)**	**(93)**	**(70)**	**(64)**	**(18,508)**	**(18,990)**
Deferred tax assets.............	**¥ 3**	**¥ 37**	**¥ 54**	**¥ 11**	**¥ —**	**¥ 52**	**¥ 158**

Fiscal Year Ending March 31,2020	2021	2022	2023	2024	2025	2026 and thereafter	Total
Tax loss carryforwards (*)	¥ 7,980	¥ 63	¥ 790	¥ 278	¥ 82	¥ 18,017	¥ 27,212
Valuation allowance	(2,430)	(63)	(336)	(96)	(70)	(17,977)	(20,974)
Deferred tax assets.............	¥ 5,549	¥ 0	¥ 454	¥ 182	¥ 11	¥ 40	¥ 6,238

Fiscal Year Ending March 31,2021	2022	2023	2024	2025	2026	2027 and thereafter	Total
Tax loss carryforwards (*)	**$ 0**	**$ 2**	**$ 1**	**$ 0**	**$ 0**	**$ 167**	**$ 172**
Valuation allowance	**(0)**	**(1)**	**(0)**	**(0)**	**(0)**	**(167)**	**(171)**
Deferred tax assets.............	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ —**	**$ 0**	**$ 1**

(*) Tax loss carryforwards represent the amount multiplied by normal effective statutory tax rate.

Reconciliations between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the fiscal years ended March 31, 2021 and 2020 were as follows:

	2021	2020
Normal effective statutory tax rate	**30.59%**	30.59%
Change in valuation allowance	**(1.00)**	(2.78)
Lower tax rates applicable to income of subsidiaries	**(0.05)**	(0.03)
Dividends exempted for income tax purposes	**(0.74)**	(0.66)
Tax loss carryforwards expired	**0.02**	0.16
Other........	**0.81**	(0.52)
Actual effective tax rate	**29.62%**	26.74%

28. LEASE TRANSACTIONS

(1) Lessee

(a) Finance lease transactions

The Group mainly leases electronic calculators, cash dispensers and software.

(b) Operating lease transactions

As of March 31, 2021 and 2020, future minimum lease payments including interest expense under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Due within one year	**¥ 3,450**	¥ 3,542	**$ 31**
Due after one year	**19,794**	18,096	**178**
Total........	**¥ 23,244**	¥ 21,638	**$ 209**

(2) Lessor

(a) Finance lease transactions

(i) Investments in leases consist of the followings.

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Gross lease receivables	**¥ 24,864**	¥ 27,962	**$ 224**
Unguaranteed residual values	**4,312**	3,947	**38**
Unearned interest income	**(2,250)**	(2,559)	**(20)**
Investments in leases	**¥ 26,925**	¥ 29,350	**$ 243**

(ii) Maturities of gross lease receivables for lease receivables as of March 31, 2021

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2022	**¥ 4,071**	**$ 36**
2023	**2,442**	**22**
2024	**1,620**	**14**
2025	**908**	**8**
2026	**405**	**3**
2027 and thereafter	**306**	**2**
Total	**¥ 9,755**	**$ 88**

(iii) Maturities of gross lease receivables for investments in leases as of March 31, 2021

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2022	**¥ 8,198**	**$ 74**
2023	**6,396**	**57**
2024	**4,541**	**41**
2025	**2,841**	**25**
2026	**1,448**	**13**
2027 and thereafter	**1,438**	**12**
Total	**¥ 24,864**	**$ 224**

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

I. Conditions of financial instruments

(1) Policies and objectives for using financial instruments

The Group aims to render useful financial services to customers and provide various financial instruments corresponding to customer needs. In addition, the Group utilizes financial instruments for risk-taking and risk-control in order to improve its profitability and secure sound operations.

The Group responds to customers' funding needs by providing credit such as lending, loans, and undertaking private placement bonds and guarantees to individuals and corporate customers. It holds bonds such as Japanese government bonds as stable investments and securities such as stocks for maintaining strong relationships with customers. Recently the Group began providing interest rate-related and currency-related derivatives to meet sophisticated and diversified customer needs.

To provide these financial services, the Group raises funds by using financial instruments such as customer deposits, issuance of bonds and funding from the inter-bank market.

Asset and Liability Management (ALM) is in place to manage the interest rate gap between short-term and long-term and interest fluctuation risk resulting from its investment and funding activities, and to improve profitability management across business divisions. As part of ALM, the Group executes derivative transactions, which are designated to hedge the interest rate gap between short-term and long-term and interest fluctuation risks, as well as covering transactions related to customers' derivative contracts.

Certain consolidated subsidiaries and affiliates conduct domestic banking services such as credit guarantee, and foreign banking services under foreign regulations.

(2) Type of and risks associated with financial instruments

(a) Type of and risks associated with loans and bills discounted

The Group's primary geographical business areas are the metropolitan areas of Tokyo and Saitama, and the Kansai region, mainly Osaka. Loans to small-to-mid-size companies and individual mortgages comprise a significant portion of our credit portfolio. These loans are exposed to credit risks in which the Group may suffer losses due to a decline or the disappearance of an asset's value as a result of deterioration of the financial position of obligors.

(b) Type of and risks associated with securities

Securities, which each bank of the Group holds, are bonds, stocks, investment trusts in partnerships, investment limited partnership, etc. The Group holds them to promote business in addition to generating investment income and capital appreciation, and smooth cash flow operation.

Securities are exposed to market risks in which the Group may suffer losses due to changes in values of assets and liabilities or revenues generated from them by variance of risk factors such as interest rate, stock market and foreign exchange market, and credit risks in which the Group may suffer losses due to a decline or the disappearance of asset's value as a result of deterioration of the financial position of obligors.

(c) Type of and risks associated with derivative transactions

The Group utilizes derivative instruments such as interest rate-related products, currency-related products, stock-related products and bond-related products.

- Interest rate-related products: futures, future options, forward rate agreements, swaps and options
- Currency-related products: forward exchange contracts, swaps and options
- Stock-related products: index futures, index options and over-the-counter options
- Bond-related products: futures, future options and over-the-counter options

Derivative transactions are essential to satisfy the sophisticated and diverse financial needs of customers and to control various risks to which each bank of the Group is exposed. The Group's basic policy is to execute derivative transactions in line with its business strategy and resources under the appropriate risk management system after accurately identifying risks associated with the transactions.

Each bank of the Group executes derivative transactions in order to respond to customers' risk hedging needs, hedging risks of financial assets and liabilities, and for trading purposes as follows.

(i) Customers' risk hedging needs

Customers are exposed to various risks and, accordingly, their needs to hedge these risks are essential and diverse. One of the primary purposes of derivative transactions for each bank of the Group is to provide customers with financial products which enable them to achieve their objectives of hedging and mitigating risks. Each bank of the Group develops a variety of derivatives and makes an effort to increase its ability to provide those financial products in order to offer sophisticated financial solutions to customers.

Derivative transactions may, however, result in significant losses to customers depending upon the design and nature of the products. Accordingly, in offering such products to customers, each bank of the Group follows strict guidelines, etc. which ensure that:

- Sufficient explanation of the products and associated risks

Customers are given sufficient explanation on the nature of products and their risks in writing. A description of the product, structure, hedge effectiveness (including explanation of which customers would not be able to gain expected economic effects and which the economic effects from the hedge transactions would be against customers' interests), market risk and credit risk associated with the product are required to be included in the explanation documents (proposal, written explanation of derivative risks).

Customers are given explanation in accurate and simplified terms instead of difficult technical terms. Customers are given cooperation to confirm completeness of the explanation and full understanding by using designated documents with check column.

- Customers' responsibility and capability to enter into a transaction

Customers are ready to take responsibility for the products fully, and are capable and willing to enter into the transactions based on their own judgment.

Customers are not engaged in transactions which are recognized as improper from the points of transaction amount, term, and level of risk of view, according to customers' knowledge, experience, assets, purpose of transaction, capacity to meet loss and internal management systems.

- Providing relevant fair value information

  Customers are provided with relevant fair value information (i.e., unrealized gains and losses on customers' positions) to assist them in evaluating the products and transactions, periodically or whenever considered necessary.

(ii) Hedging risks of financial assets and liabilities

Each bank of the Group uses derivatives to manage interest rate and foreign currency risks associated with various financial assets and liabilities, such as loans and deposits. Each bank of the Group uses fair value hedges to protect the fair value of assets and liabilities against risks such as interest rate fluctuations, and cash flow hedges to ensure future cash flows from their variability on an individual and a portfolio basis. As for foreign currency risks, each bank of the Group uses foreign currency hedges to protect future fair value of assets and liabilities against risks such as foreign currency fluctuations.

Derivative transactions designated as hedges are strictly monitored by assessing hedge effectiveness periodically in accordance with the relevant hedge accounting guidelines.

For a portfolio hedge of interest rate risks, hedge effectiveness is assessed by grouping hedging instruments and hedged items according to their maturities to determine that certain critical conditions are satisfied, or confirming high correlation between the changes in interest rate factors underlying the hedging instruments and hedged items by means of regression analyses. For an individual hedge, hedge effectiveness is assessed individually. For a foreign currency hedge, hedge effectiveness is assessed by confirming that the principal and interest amount of receivables and liabilities denominated in foreign currencies exceed the principal and interest amount of hedging instruments.

(iii) Trading activities

Each bank of the Group engages in trading activities to earn profits by taking advantage of short-term fluctuations in market indices or market gaps.

Risks associated with derivative transactions are credit risks and market risks. Each bank of the Group determines and monitors credit exposures by measuring credit risks based on the current exposure method periodically, adding the credit exposure together with the on-balance sheet transactions such as loans, and the Loan and Credit Division, independent from Market Divisions and Operation Divisions, establishing individual credit limits. The division reviews the transaction and credit limits applicable to each of the counterparties, on an on-going basis, in response to the changes in creditworthiness of the counterparties.

Refer to following (3) (b) "Market risk management."

(d) Type of and risks associated with financial liabilities

Each bank of the Group raises funds through acceptance of customer deposits, funding in the market and issuing bonds. Liabilities are exposed to liquidity risk and may be difficult to fund depending upon the interest and exchange rate fluctuation, and change in the financial economic environment.

(e) Type of and risks associated with non-banking subsidiaries and affiliates accounted for by the equity method

Non-banking subsidiaries and affiliates accounted for by the equity method include Resona Guarantee Co., Ltd. which conducts a credit guarantee business and Resona Card Co., Ltd. which conducts a credit card administration and credit guarantee business. They are exposed to credit risk and market risk related to each business activity.

(3) Risk management system related to financial instruments

The Company has established the Group Risk Management Policy that serves as the basic risk management policy. Based on the policy and operational characteristics, each bank of the Group established its own risk management policy "Basic Policy for Risk Management," approved by the Board of Directors of each bank of the Group, including basic policies for credit risk management, market risk management and liquidity risk management. In accordance with the Basic Policy for Risk Management, each bank of the Group manages risks and establishes detailed rules over risk management activities.

Each bank of the Group plans and conducts internal audits depending on the degree of intrinsic risks and the risk management system.

(a) Credit risk management

In accordance with the Basic Policy for Risk Management, Credit Risk Management-related Departments, independent from sales promotion-related divisions, are responsible for determining and monitoring credit exposures at each bank of the Group. As an organization responsible for credit risk management, each bank of the Group sets up the Credit Committee and Credit Risk Management-related Departments, which include the Credit Risk Management Division, Credit Analysis Division and Administration of Problem Loans. The Credit Committee has been established to resolve, discuss and report significant credit matters as a whole. The Credit Risk Management Division is a division to propose policies and procedures over credit rating and a framework necessary for appropriate credit risk management such as credit analysis. The Credit Analysis Division is a division to review operational and financial conditions, qualitative factors, funding purposes, repayment plans, etc. of counterparties, and determines credit exposures by considering the nature of risks associated with the transaction appropriately. The Administration of Problem Loans is a division to understand the business condition of the counterparties with problems and engages in rehabilitation, resolution and correction of the business.

Under the foregoing organizational structure, each bank of the Group makes an effort to control and reduce credit risks. For instance, each bank of the Group applies strict controls for credit concentration risk to a specific customer (or customer group) though measures such as establishing a credit limit (credit ceiling), as the risk may materially affect the operation of each bank of the Group.

Each bank of the Group controls credit risks within certain amounts by measuring credit risks from the perspective of managing the whole credit portfolio and setting credit limits.

(b) Market risk management

(i) Market risk management system

In accordance with the Basic Policy for Risk Management, each bank of the Group established the Risk Management Division (middle-office) and the Office Management Division (back-office), independent from Transaction Divisions (front-office), to enable mutual checks and balances. The ALM Committee has been established to manage changes and conditions of funding, revenue, risk and cost, and to discuss and report corresponding actions to the circumstances.

Each bank of the Group establishes policies such as the "Market Risk Management Policy" to manage market risk appropriately and strictly in accordance with the Basic Policy for Risk Management.

As for market risks resulting from fair market valuation of transactions or changes in risk factors such as interest, market prices, and foreign currency exchange, each bank of the Group measures risk exposures by Value at Risk ("VaR"), establishes limits of risk exposure, limits of loss and limits of sensitivity by product, and monitors those observance conditions. In addition, each bank of the Group regularly measures potential loss amounts based on stress-scenario testing.

Each bank of the Group monitors and reports to management about risk exposures and profit/loss conditions, including observance of the conditions of the credit limits. It also leads checks and balances by the Risk Management Division (middle-office) to the Transaction Divisions (front-office).

(ii) Quantitative information on market risk

Each bank of the Group measures VaR of market risks based on the purpose of holding financial instruments: trading, banking and securities held for the purpose of strategic investment. Market risk exposure of the Group is measured by simply aggregating VaR of Resona Bank, Saitama Resona Bank, Kansai Mirai Bank, Ltd. ("Kansai Mirai Bank") and Minato Bank, Ltd. ("Minato") of Kansai Mirai Financial Group, Inc. ("Kansai Mirai FG").

Risk exposures of certain products and affiliated companies are excluded from the market risk exposure of the Group, as the effect is confirmed to be immaterial.

(Trading)
The Group adopts a historical simulation method (holding period is 10 business days, confidence interval is 99%, observation period is 250 business days) in order to measure VaR associated with securities held for trading and derivative instruments. The market risk exposures of the Group in the trading operation as of March 31, 2021 and 2020 were ¥435 million ($3 million) and ¥525 million, respectively.

(Banking)
In the banking operation, each bank of the Group deals with financial instruments other than those held for trading and securities held for the purpose of strategic investment, and any other assets and liabilities. The Group adopts a historical simulation method or a delta method (holding period is 20 or 125 business days, confidence interval is 99%, observation period is 250 or 1,250 business days) in order to measure VaR associated with the banking operation. The market risk exposures of the Group in the banking operation as of March 31, 2021 and 2020 were ¥50,840 million ($459 million) and ¥68,432 million, respectively.

(Securities held for the purpose of strategic investment)
Each bank of the Group measures VaR or manages risks associated with securities held for the purpose of strategic investment separately from the trading and the banking operation. The Group adopts a historical simulation method or a delta method (holding period is 125 business days, confidence interval is 99%, observation period is 250 or 1,250 business days) in order to measure VaR associated with securities held for the purpose of strategic investment, and measures risk exposure by considering impairment risks. The market risk exposures of the Group on the securities held for the purpose of strategic

investment as of March 31, 2021 and 2020 were ¥16,749 million ($151 million) and ¥34,815 million, respectively.

(Verification system of VaR)
Each bank of the Group performs a backtesting which reconciles VaR measured by the model for each measurement unit with actual market fluctuations in order to verify reliability and effectiveness of the risk measurement model.

VaR represents a risk exposure under a certain probability calculated statistically based on the historical market movements. In the case that the actual market fluctuates over the ranges anticipated by the historical market movements, fair market values may fluctuate over VaR.

(c) Liquidity risk management

In accordance with the Basic Policy for Risk Management, each bank of the Group has established the Cash Management Division and the Liquidity Risk Management Division, to enable mutual checks and balances. The ALM Committee and the Liquidity Risk Management Committee, etc. monitor and report to management timely and appropriately.

Each bank of the Group establishes policies such as the “Liquidity Risk Management Policy” to manage liquidity risk appropriately and strictly in accordance with the Basic Policies for Risk Management.

For cash flow management, each bank of the Group establishes liquidity risk phases (normal and 3 levels under emergency condition) and carries out corresponding actions at each phase determined in advance.

Each bank of the Group monitors liquidity risks by defining a key indicator for liquidity risk management based on its size and nature of the business and circumstances over a liquidity risk. Each bank of the Group establishes guidelines of a key indicator for liquidity risk management as necessary.

As for market liquidity risks in which each bank of the Group may suffer losses because it cannot make transactions on market or is forced to make significantly unfavorable transactions due to market turmoil, each bank of the Group monitors conditions of the market liquidity risk.

(4) Supplementary explanation relating to fair value of financial instruments and other

The fair value of financial instruments includes, in addition to the value determined based on the market price, a value calculated on a reasonable basis if no market price is available. Certain assumptions are used for the calculation of such amount. Accordingly, the result of such calculation may vary if different assumptions are used. Refer to “(Note 1) Calculation method of fair value of financial instruments” on “II. Fair value of financial instruments” for certain assumptions. Fair value of financial instruments does not include transactions not recognized on the consolidated balance sheet, such as an investment trust sold to a customer.

II. Fair value of financial instruments

Amount on consolidated balance sheet, fair values and differences between them as of March 31, 2021 and 2020 were as follows. The below table does not include non-marketable securities whose fair values cannot be reliably determined such as non-listed equity securities (Refer to (Note 2) "Financial instruments whose fair values cannot be reliably determined"):

	Millions of yen		
	Amount on consolidated balance sheet	Fair value	Difference
March 31, 2021			
Cash and due from banks	¥ **25,223,147**	¥ **25,223,147**	¥ —
Call loans and bills bought	**107,242**	**107,242**	—
Monetary claims bought (*1)	**221,644**	**220,675**	**(969)**
Trading assets:			
Trading securities	**172,835**	**172,835**	—
Securities:			
Held-to-maturity debt securities	**1,942,240**	**1,953,744**	**11,503**
Available-for-sale securities.	**5,104,373**	**5,104,373**	—
Loans and bills discounted	**38,978,959**		
Reserve for loan losses (*1)	**(178,400)**		
	38,800,558	**38,981,726**	**181,168**
Foreign exchange assets (*1)	**139,329**	**139,423**	**93**
Lease receivables and investments in leases (*1)	**36,143**	**38,008**	**1,864**
Total assets	¥ **71,747,517**	¥ **71,941,177**	¥ **193,660**

	Millions of yen		
	Amount on consolidated balance sheet	Fair value	Difference
March 31, 2021			
Deposits	**¥ 58,691,223**	**¥ 58,691,589**	**¥ 365**
Negotiable certificates of deposit	**739,170**	**739,170**	**0**
Call money and bills sold	**630,895**	**630,895**	**—**
Payables under repurchase agreements	**3,000**	**3,000**	**—**
Payables under securities lending transactions	**1,064,481**	**1,064,481**	**—**
Borrowed money	**7,218,168**	**7,216,158**	**(2,009)**
Foreign exchange liabilities	**8,025**	**8,025**	**—**
Bonds	**326,000**	**330,418**	**4,418**
Due to trust account	**1,304,346**	**1,304,346**	**—**
Total liabilities	**¥ 69,985,310**	**¥ 69,988,086**	**¥ 2,775**
Derivative transactions (*2):			
Hedge accounting not applied	**¥ 29,057**	**¥ 29,057**	**¥ —**
Hedge accounting applied	**16,862**	**16,427**	**(434)**
Total derivative transactions	**¥ 45,920**	**¥ 45,485**	**¥ (434)**
March 31, 2020			
Cash and due from banks	¥ 15,329,523	¥ 15,329,523	¥ —
Call loans and bills bought	473,438	473,438	—
Monetary claims bought (*1)	248,463	246,997	(1,465)
Trading assets:			
Trading securities	335,513	335,513	—
Securities:			
Held-to-maturity debt securities	1,968,451	1,996,606	28,155
Available-for-sale securities.	3,490,079	3,490,079	—
Loans and bills discounted	36,645,552		
Reserve for loan losses (*1)	(148,833)		
	36,496,719	36,680,527	183,807
Foreign exchange assets (*1)	107,344	107,430	86
Lease receivables and investments in leases (*1)	40,253	42,328	2,075
Total assets	¥ 58,489,787	¥ 58,702,446	¥ 212,659
Deposits	¥ 52,909,979	¥ 52,910,194	¥ 214
Negotiable certificates of deposit	942,840	942,832	(7)
Call money and bills sold	69,636	69,636	—
Payables under repurchase agreements	—	—	—
Payables under securities lending transactions	532,433	532,433	—
Borrowed money	769,930	769,941	10
Foreign exchange liabilities	5,076	5,076	—
Bonds	396,000	401,397	5,397
Due to trust account	1,316,807	1,316,807	—
Total liabilities	¥ 56,942,703	¥ 56,948,319	¥ 5,615
Derivative transactions (*2):			
Hedge accounting not applied	¥ 50,299	¥ 50,299	¥ —
Hedge accounting applied	29,218	28,559	(658)
Total derivative transactions	¥ 79,518	¥ 78,859	¥ (658)

March 31, 2021	Amount on consolidated balance sheet	Fair value	Difference
	Millions of U.S. dollars		
Cash and due from banks	$ 227,810	$ 227,810	$ —
Call loans and bills bought	968	968	—
Monetary claims bought (*1)	2,001	1,993	(8)
Trading assets:			
Trading securities	1,561	1,561	—
Securities:			
Held-to-maturity debt securities	17,541	17,645	103
Available-for-sale securities.	46,101	46,101	—
Loans and bills discounted	352,049		
Reserve for loan losses (*1)	(1,611)		
	350,438	352,074	1,636
Foreign exchange assets (*1)	1,258	1,259	0
Lease receivables and investments in leases (*1)	326	343	16
Total assets	$ 648,008	$ 649,757	$ 1,749
Deposits	$ 530,086	$ 530,090	$ 3
Negotiable certificates of deposit	6,676	6,676	0
Call money and bills sold	5,698	5,698	—
Payables under repurchase agreements	27	27	—
Payables under securities lending transactions	9,614	9,614	—
Borrowed money	65,192	65,174	(18)
Foreign exchange liabilities	72	72	—
Bonds	2,944	2,984	39
Due to trust account	11,780	11,780	—
Total liabilities	$ 632,092	$ 632,117	$ 25
Derivative transactions (*2):			
Hedge accounting not applied	$ 262	$ 262	$ —
Hedge accounting applied	152	148	(3)
Total derivative transactions	$ 414	$ 410	$ (3)

Notes: (*1) Reserve for loan losses corresponding to loans and bills discounted are deducted. Specific reserve for loan losses corresponding to monetary claims bought, foreign exchange assets and lease receivables and investments in leases are excluded from the amount on consolidated balance sheet directly due to immateriality.

(*2) Derivative financial instruments included in trading assets/liabilities and other assets/liabilities are presented in total. Assets (positive amount) and liabilities (negative amount) arising from derivative transactions are presented on a net basis.

(Note 1) Calculation method of fair value of financial instruments

Assets

Cash and due from banks

For due from banks which have no maturity, since fair values of these items approximate carrying amounts, the Group deems the carrying amounts to be fair values. For due from banks with contractual maturity, since contractual terms of these items are short (i.e., within one year), the Group deems the carrying amounts to approximate fair value.

Call loans and bills bought

Since contractual terms of these items are short (i.e., within one year), the Group deems the carrying amounts to approximate fair value.

Monetary claims bought

Fair values for deed of beneficiary certificate of loan trust are based on the values provided by third parties (brokers) or calculated by a similar method used for loans and bills discounted (Refer to “Loans and bills discounted” below).

Trading assets

Fair values of bonds held for trading are based on the values calculated by statistics of over-the-counter bonds released from the Japan Securities Dealers Association, and fair values of short-term bonds are based on present values determined by discounting face values with market interest rates.

Securities

Fair values of stocks are based on the one month weighted average of the market prices prior to the end of the fiscal year. Fair values of bonds (excluding private placement bonds) are based on the values calculated by statistics released from the Japan Securities Dealers Association or prices provided by financial institutions.

Fair values of investment trusts are based on the disclosed net asset value. Fair values of private placement bonds are, in principle, determined by discounting the principal and interest amount with the interest rate used for new issuances for each category based on the internal rating. Refer to Note 5 “Securities” for the purpose of holding those securities.

Loans and bills discounted

For fair values of loans with floating interest rates reflecting the market interest rates in a short-term period, the carrying amounts approximate fair value, unless creditworthiness of borrowers has changed significantly since the loan was executed, etc. For fair values of loans with fixed interest rates, fair values are mainly determined by discounting the principal and interest amount with the interest rate used for new loans for each category of loan, internal rating and loan period. For fair values of loans by maturity within one year, the carrying amounts approximate fair value.

For fair values of loans to bankrupt obligors, effectively bankrupt obligors and potentially bankrupt obligors, reserve for loan losses is estimated based on the present value of future cash flows and recoverable amounts of collateral or guarantees. Since fair values of such loans approximate carrying amounts after deducting reserve for loan losses at the end of the fiscal year, the Group deems the carrying amounts to approximate fair value.

For the loans and bills discounted without a fixed maturity due to loan characteristics such as limiting loans to within the value of pledged assets, the Group deems the carrying amounts to approximate fair value since the estimated loan periods, interest rates and other conditions.

Foreign exchange assets

Fair values of foreign exchanges consist of foreign currency deposits with other banks (due from other foreign banks), short-term loans involving foreign currencies (loans to other foreign banks), export bills and traveler’s checks, etc. (purchased foreign bills), and loans on notes using import bills (foreign bills receivables), the carrying amounts approximate fair value because these items are deposits without maturity or have short contract terms (one year or less).

Lease receivables and investments in leases

Fair values of lease receivables and investments in leases are calculated by the discounted future cash flow method considering the market interest rate, internal rating of lessee, estimated default probability of the internal rating and estimated uncollectible rate when default based on the collateral or guarantees, etc.
For fair values of lease receivables and investments in leases with the maturity within one year, the carrying amounts approximate fair value.

For fair values of receivables and investments to bankrupt obligors, effectively bankrupt obligors and potentially bankrupt obligors, reserve for possible losses is estimated based on the recoverable amount of collateral or guarantees. Since fair values of such receivables and investments approximate carrying amounts after deducting reserve for possible losses at the end of the fiscal year, the Group deems the carrying amounts to approximate fair value.

Liabilities

Deposits and negotiable certificates of deposit

For demand deposits, the Group deems the payment amounts required on the consolidated balance sheet date (i.e., carrying amounts) to be fair values. Fair values of time deposits and negotiable certificates of deposit are calculated by classifying them based on their terms and discounting the future cash flows. Discount rates used in such calculations are the interest rates that would be applied to newly accepted deposits. For fair values of deposits with maturity within one year, the carrying amounts are considered to approximate fair value due to the short maturity.

Call money and bills sold, payables under repurchase agreements and payables under securities lending transactions

Since contractual terms of these items are short (i.e., within one year), the Group deems the carrying amounts to approximate fair value.

Borrowed money

For borrowed money with floating interest rates reflecting the market interest rates in a short-term period, the carrying amounts are considered to approximate fair value when the creditworthiness of the Company and its consolidated subsidiaries have not changed significantly since the borrowing was made. For borrowed money with fixed interest rates, fair values are determined by discounting the principal and interest amount with the interest rate expected for similar borrowed money. For borrowed money with maturity within one year, the carrying amounts are considered to approximate fair value due to the short maturity.

Foreign exchange liabilities

Among foreign exchange contracts, foreign currency deposits accepted from other banks and non-resident yen deposits are deposits without maturity (due to other foreign banks). Foreign currency short-term borrowed money have short contract terms (one year or less). Thus, their carrying amounts are considered to approximate fair value.

Bonds

Fair values of corporate bonds issued by the Company and its consolidated subsidiaries are based on the values calculated by statistics released from the Japan Securities Dealers Association, prices provided by financial institutions or values determined by discounting the principal and interest amount with the interest rate expected for use of new bond issuance.

Due to trust account

Due to trust account represents short-term fundings by accepting surplus in trust account and unused principal, the carrying amounts are considered to approximate fair value.

Derivative transactions

Refer to Note 30 "Derivatives" on derivative transactions.

Other

Guarantee contracts

For guarantee contracts, the Group deems the difference between future cash flow of the contractual guarantee fee and future cash flow of the expected guarantee fee if it executes a new guarantee contract, to be fair values.

For the guarantee to bankrupt obligors, effectively bankrupt obligors and potentially bankrupt obligors, the Group deems the present values, which is calculated based on the estimated future cash flow or recoverable amounts from collateral and guarantee, as fair values.

(Note 2) Financial instruments whose fair values cannot be reliably determined

Financial instruments are not included in "Securities" in (Note 1) above "Calculation method of fair value of financial instruments."

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Unlisted stocks (*1) (*2)	**¥ 60,204**	¥ 59,953	**$ 543**
Investments in partnerships (*3)	**40,915**	37,185	**369**
Total	**¥ 101,120**	¥ 97,139	**$ 913**

Notes: (*1) Unlisted stocks do not carry quoted market prices. Since the fair values of these securities cannot be reliably determined, their fair values are not disclosed.

(*2) For the fiscal years ended March 31, 2021 and 2020, impairment losses of unlisted stocks were ¥192 million ($1 million) and ¥195 million, respectively.

(*3) Investments in partnerships contain assets such as unlisted stocks which do not carry quoted market prices. Since the fair values of these securities cannot be reliably determined, their fair values are not disclosed.

(Note 3) Maturity analysis for financial assets and liabilities with contractual maturities

	Millions of yen					
As of March 31, 2021	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	**¥ 24,608,046**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Call loans and bills bought	**107,242**	**—**	**—**	**—**	**—**	**—**
Monetary claims bought	**162,815**	**14,457**	**8,791**	**5,740**	**5,806**	**22,711**
Securities:						
Held-to-maturity debt securities	**188,755**	**164,630**	**501,234**	**159,010**	**278,792**	**646,023**
Japanese government bonds.	**130,000**	**50,000**	**350,000**	**—**	**3,000**	**500,100**
Japanese local government bonds.	**50,010**	**100,040**	**149,628**	**158,038**	**274,421**	**4,055**
Japanese corporate bonds.	**8,745**	**14,590**	**1,605**	**971**	**1,370**	**141,868**
Available-for-sale securities.	**340,878**	**607,431**	**671,218**	**217,654**	**1,262,752**	**937,161**
Japanese government bonds.	**—**	**—**	**—**	**—**	**499,000**	**415,500**
Japanese local government bonds.	**15,982**	**75,035**	**132,965**	**47,783**	**244,148**	**—**
Japanese corporate bonds.	**322,142**	**414,275**	**221,552**	**46,518**	**23,972**	**111,987**
Loans and bills discounted (*1)	**8,378,033**	**5,846,247**	**4,802,416**	**3,591,950**	**4,170,569**	**12,071,309**
Foreign exchange assets	**139,436**	**—**	**—**	**—**	**—**	**—**
Lease receivables and investments in leases (*2)	**12,026**	**15,437**	**6,344**	**1,356**	**1,046**	**102**
Total assets	**¥ 33,937,235**	**¥ 6,648,204**	**¥ 5,990,006**	**¥ 3,975,711**	**¥ 5,718,967**	**¥ 13,677,309**

As of March 31, 2021	Millions of yen One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Deposits (*3)	**¥ 55,867,336**	**¥ 2,288,772**	**¥ 535,114**	**¥ —**	**¥ —**	**¥ —**
Negotiable certificates of deposit	**666,670**	**72,500**	—	—	—	—
Call money and bills sold	**630,895**	—	—	—	—	—
Payables under repurchase agreement	**3,000**	—	—	—	—	—
Payables under securities lending transactions	**1,064,481**	—	—	—	—	—
Borrowed money	**6,694,324**	**302,377**	**219,784**	**1,626**	**56**	—
Foreign exchange liabilities	**8,025**	—	—	—	—	—
Bonds	**125,000**	**115,000**	**50,000**	**36,000**	—	—
Due to trust account	**1,304,346**	—	—	—	—	—
Total liabilities	**¥ 66,364,080**	**¥ 2,778,649**	**¥ 804,899**	**¥ 37,626**	**¥ 56**	**¥ —**

As of March 31, 2020	Millions of yen One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	¥ 14,786,155	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	473,438	—	—	—	—	—
Monetary claims bought	178,639	18,123	10,705	6,843	6,620	25,935
Securities:						
Held-to-maturity debt securities	603,594	248,230	506,568	88,298	361,688	160,041
Japanese government bonds.	537,900	130,000	400,000	—	—	77,100
Japanese local government bonds.	53,910	100,015	100,145	87,175	360,234	4,308
Japanese corporate bonds.	11,784	18,215	6,422	1,122	1,454	78,632
Available-for-sale securities.	249,846	556,893	394,002	142,788	418,541	834,296
Japanese government bonds.	—	—	—	—	183,000	265,800
Japanese local government bonds.	1,740	49,083	54,332	45,224	95,891	—
Japanese corporate bonds.	225,694	486,087	185,333	40,332	24,400	52,904
Loans and bills discounted (*1)	7,697,301	5,611,427	4,371,553	3,163,912	3,828,675	11,824,022
Foreign exchange assets	107,460	—	—	—	—	—
Lease receivables and investments in leases (*2)	13,021	17,153	7,736	1,568	667	125
Total assets	¥ 24,109,457	¥ 6,451,828	¥ 5,290,565	¥ 3,403,429	¥ 4,616,193	¥ 12,844,422
Deposits (*3)	¥ 50,088,225	¥ 2,164,555	¥ 657,198	¥ —	¥ —	¥ —
Negotiable certificates of deposit	845,340	97,500	—	—	—	—
Call money and bills sold	69,636	—	—	—	—	—
Payables under repurchase agreement	—	—	—	—	—	—
Payables under securities lending transactions	532,433	—	—	—	—	—
Borrowed money	265,356	306,004	194,170	4,331	68	—
Foreign exchange liabilities	5,076	—	—	—	—	—
Bonds	70,000	185,000	95,000	46,000	—	—
Due to trust account	1,316,807	—	—	—	—	—
Total liabilities	¥ 53,192,875	¥ 2,753,059	¥ 946,368	¥ 50,331	¥ 68	¥ —

As of March 31, 2021	Millions of U.S. dollars One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	**$ 222,254**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Call loans and bills bought	**968**	—	—	—	—	—
Monetary claims bought	**1,470**	**130**	**79**	**51**	**52**	**205**
Securities:						
Held-to-maturity debt securities	**1,704**	**1,486**	**4,527**	**1,436**	**2,517**	**5,834**
Japanese government bonds.	**1,174**	**451**	**3,161**	—	**27**	**4,516**
Japanese local government bonds.	**451**	**903**	**1,351**	**1,427**	**2,478**	**36**
Japanese corporate bonds.	**78**	**131**	**14**	**8**	**12**	**1,281**
Available-for-sale securities	**3,078**	**5,486**	**6,062**	**1,965**	**11,404**	**8,464**
Japanese government bonds.	—	—	—	—	**4,506**	**3,752**
Japanese local government bonds.	**144**	**677**	**1,200**	**431**	**2,205**	—
Japanese corporate bonds.	**2,909**	**3,741**	**2,001**	**420**	**216**	**1,011**
Loans and bills discounted (*1)	**75,668**	**52,802**	**43,374**	**32,441**	**37,667**	**109,025**
Foreign exchange assets	**1,259**	—	—	—	—	—
Lease receivables and investments in leases (*2)	**108**	**139**	**57**	**12**	**9**	**0**
Total assets	**$ 306,514**	**$ 60,045**	**$ 54,100**	**$ 35,907**	**$ 51,652**	**$ 123,530**

As of March 31, 2021	Millions of U.S. dollars One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Deposits (*3)	**$ 504,582**	**$ 20,671**	**$ 4,833**	**$ —**	**$ —**	**$ —**
Negotiable certificates of deposit	**6,021**	**654**	—	—	—	—
Call money and bills sold	**5,698**	—	—	—	—	—
Payables under repurchase agreements	**27**	—	—	—	—	—
Payables under securities lending transactions	**9,614**	—	—	—	—	—
Borrowed money	**60,461**	**2,731**	**1,985**	**14**	**0**	—
Foreign exchange liabilities	**72**	—	—	—	—	—
Bonds	**1,128**	**1,038**	**451**	**325**	—	—
Due to trust account	**11,780**	—	—	—	—	—
Total liabilities	**$ 599,386**	**$ 25,096**	**$ 7,269**	**$ 339**	**$ 0**	**$ —**

Notes: (*1) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥118,432 million ($1,069 million) and ¥148,659 million as of March 31, 2021 and 2020, respectively, are excluded from the above table. The estimated uncollectable amount deducted from loans directly is excluded.

(*2) Lease receivables and investments in leases, for which it is difficult to estimate the redemption amount, amounted to ¥245 million ($2 million) and ¥340 million as of March 31, 2021 and 2020, respectively, are excluded from the above table. The estimated uncollectable amount deducted from receivables directly is excluded.

(*3) Demand deposits are included and presented in “one year or less” in the above table.

30. DERIVATIVES

(1) Derivative transactions to which hedge accounting is not applied

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is not applied as of March 31, 2021 and 2020 were as follows:

(a) Interest rate-related transactions

			Millions of yen Notional or contract amount Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2021						
Over-the-counter	Swaps	Receive fixed/pay floating	**¥ 5,852,901**	**¥ 4,530,000**	**¥ 106,393**	**¥ 106,393**
		Receive floating/pay fixed	**5,900,511**	**4,488,869**	**(77,696)**	**(77,696)**
		Receive floating/pay floating	**3,319,433**	**2,819,003**	**(1,761)**	**(1,761)**
	Caps	Sold	**2,766**	**2,031**	**(2)**	**28**
		Bought	**2,647**	**1,079**	**2**	**(7)**
	Floors	Sold	**3,747**	**3,747**	**(92)**	**92**
		Bought	**7,360**	**6,329**	**17**	**15**
	Swaptions	Sold	**65,800**	**52,800**	**878**	**782**
		Bought	**43,737**	**43,737**	**627**	**560**
Consolidated related party	Swaps	Receive fixed/pay floating	**4,000**	**2,000**	**24**	**24**
Total					**¥ 26,824**	**¥ 28,430**
March 31, 2020						
Over-the-counter	Swaps	Receive fixed/pay floating	¥ 9,744,023	¥ 7,319,121	¥ 176,063	¥ 176,063
		Receive floating/pay fixed	9,939,692	7,222,192	(152,722)	(152,722)
		Receive floating/pay floating	5,019,369	3,435,639	3,100	3,100
	Caps	Sold	5,687	4,418	(15)	61
		Bought	3,740	2,740	8	(11)
	Floors	Sold	4,263	3,931	(89)	89
		Bought	9,018	8,210	67	63
	Swaptions	Sold	87,298	67,298	1,319	575
		Bought	47,344	45,344	697	542
Consolidated related party	Swaps	Receive fixed/pay floating	5,500	4,000	42	42
Total					¥ 26,041	¥ 27,804

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized gains
			Total	Maturity over 1 year	Fair value	(losses)
March 31, 2021						
Over-the-counter	Swaps	Receive fixed/pay floating	**$ 52,862**	**$ 40,914**	**$ 960**	**$ 960**
		Receive floating/pay fixed	**53,292**	**40,542**	**(701)**	**(701)**
		Receive floating/pay floating	**29,980**	**25,460**	**(15)**	**(15)**
	Caps	Sold	**24**	**18**	**(0)**	**0**
		Bought	**23**	**9**	**0**	**(0)**
	Floors	Sold	**33**	**33**	**(0)**	**0**
		Bought	**66**	**57**	**0**	**0**
	Swaptions	Sold	**594**	**476**	**7**	**7**
		Bought	**395**	**395**	**5**	**5**
Consolidated related party	Swaps	Receive fixed/pay floating	**36**	**18**	**0**	**0**
Total					**$ 242**	**$ 256**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value is determined using the discounted value of their future cash flows, option pricing models, etc.

(b) Currency-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2021						
Over-the-counter	Currency swaps		**¥ 372,122**	**¥ 266,958**	**¥ 1,728**	**¥ 585**
	Forward contracts	Sold	**652,319**	**56,866**	**(18,460)**	**(18,460)**
		Bought	**640,359**	**73,400**	**19,592**	**19,592**
	Currency options	Sold	**57,388**	**27,409**	**2,517**	**(322)**
		Bought	**66,646**	**32,096**	**1,356**	**(801)**
Total					**¥ 1,699**	**¥ 592**
March 31, 2020						
Over-the-counter	Currency swaps		¥ 559,503	¥ 318,770	¥ 17,658	¥ 892
	Forward contracts	Sold	586,198	61,914	(4,652)	(4,652)
		Bought	604,495	74,731	13,312	13,312
	Currency options	Sold	97,751	34,900	4,255	(977)
		Bought	133,582	37,673	2,915	(523)
Total					¥ 24,977	¥ 8,050

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2021						
Over-the-counter	Currency swaps		**$ 3,360**	**$ 2,411**	**$ 15**	**$ 5**
	Forward contracts	Sold	**5,891**	**513**	**(166)**	**(166)**
		Bought	**5,783**	**662**	**176**	**176**
	Currency options	Sold	**518**	**247**	**22**	**(2)**
		Bought	**601**	**289**	**12**	**(7)**
Total					**$ 15**	**$ 5**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value is determined using the discounted value of future cash flows.

(c) Stock-related transactions

			Millions of yen			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2021						
Listed	Index future	Sold	**¥ 4,288**	**¥ —**	**¥ (88)**	**¥ (88)**
		Bought	—	—	—	—
	Index option	Sold	**23,800**	—	**89**	**66**
		Bought	**4,350**	—	**39**	**(44)**
Total					**¥ (138)**	**¥ (66)**
March 31, 2020						
Listed	Index option	Sold	¥ 7,900	¥ —	¥ 130	¥ (20)
		Bought	—	—	—	—
Total					¥ (130)	¥ (20)

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2021						
Listed	Index future	Sold	**$ 38**	**$ —**	**$ (0)**	**$ (0)**
		Bought	—	—	—	—
	Index option	Sold	**214**	—	**0**	**0**
		Bought	**39**	—	**0**	**(0)**
Total					**$ (1)**	**$ (0)**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value of listed contracts is based on the closing prices on Osaka Exchange, Inc. and other exchanges.

(d) Bond-related transactions

			Millions of yen			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2021						
Listed	Futures	Sold	**¥ 67,391**	**¥ —**	**¥ 305**	**¥ 305**
		Bought	—	—	—	—
	Future option	Sold	**3,040**	—	**13**	**0**
		Bought	**37,315**	—	**339**	**90**
Over-the-counter	Options	Sold	**30,100**	—	**23**	**17**
		Bought	**30,100**	—	**64**	**21**
Total					**¥ 671**	**¥ 434**
March 31, 2020						
Listed	Futures	Sold	¥ 8,002	¥ —	¥ (590)	¥ (590)
		Bought	—	—	—	—
Total					¥ (590)	¥ (590)

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2021						
Listed	Futures	Sold	**$ 608**	**$ —**	**$ 2**	**$ 2**
		Bought	—	—	—	—
	Future option	Sold	**27**	—	**0**	**0**
		Bought	**337**	—	**3**	**0**
Over-the-counter	Options	Sold	**271**	—	**0**	**0**
		Bought	**271**	—	**0**	**0**
Total					**$ 6**	**$ 3**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value of listed contracts is based on the closing prices on Osaka Exchange, Inc. and other exchanges. The fair value of over-the-counter contracts is determined using the option pricing models, etc.

(2) Derivative transactions to which hedge accounting is applied

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is applied as of March 31, 2021 and 2020, were as follows:

(a) Interest rate-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen Notional or contract amount Total	Over 1 year	Fair value
March 31, 2021					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		**¥ 1,110,000**	**¥ 1,080,000**	**¥ 20,984**
	Receive floating/pay fixed		**767,294**	**612,236**	**(4,963)**
Special treatment of interest rate swaps	Swaps	Financial assets and liabilities with interests (e.g., loans and borrowed money)			
	Receive floating/pay fixed		**47,174**	**41,946**	**(434)**
Total					**¥ 15,586**
March 31, 2020					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		¥ 1,440,000	¥ 1,290,000	¥ 33,457
	Receive floating/pay fixed		986,616	758,616	(5,347)
Special treatment of interest rate swaps	Swaps	Financial assets and liabilities with interests (e.g., loans and borrowed money)			
	Receive floating/pay fixed		65,483	51,145	(658)
Total					¥ 27,451

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
March 31, 2021					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		**$ 10,025**	**$ 9,754**	**$ 189**
	Receive floating/pay fixed		**6,930**	**5,529**	**(44)**
Special treatment of interest rate swaps	Swaps	Financial assets and liabilities with interests (e.g., loans and borrowed money)			
	Receive floating/pay fixed		**426**	**378**	**(3)**
Total					**$ 140**

Notes: 1. Deferral hedge accounting is applied mainly in accordance with the Industry Committee Practical Guidelines No. 24.
2. The fair value is determined using the discounted value of future cash flows.

(b) Currency-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen Notional or contract amount Total	Over 1 year	Fair value
March 31, 2021					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**¥ 184,509**	**¥ 12,134**	**¥ 840**
March 31, 2020					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	¥ 195,473	¥ 36,962	¥ 1,107

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars Notional or contract amount Total	Over 1 year	Fair value
March 31, 2021					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**$ 1,666**	**$ 109**	**$ 7**

Notes: 1. Deferral hedge accounting is applied mainly in accordance with the Industry Committee Practical Guidelines No. 25.
2. The fair value is determined using the discounted value of future cash flows.

31. RETIREMENT BENEFIT PLANS

(1) Outline of the plans

Certain consolidated domestic subsidiaries have lump-sum retirement benefit plans, contributory funded defined benefit pension plans and defined contribution retirement plan. Upon an employees' retirement, supplemental benefits which are not subject to the actuarial calculation required by accounting standards may be provided. Some of the consolidated subsidiaries maintain certain plan assets in a segregated retirement benefit trust established at a third party trustee to fund their retirement benefit plans.

The Company does not have a retirement benefit plan.

Certain consolidated subsidiaries estimated net defined benefit liability and retirement benefit costs using the simplified method whereby the retirement benefit obligations amount that would be payable if the eligible employees terminate the employment on the consolidated balance sheet date.

For the fiscal year ended March 31, 2020, Kansai Mirai Bank, a consolidated subsidiary of the Company, has changed the retirement benefit plan by integrating the defined benefit plans succeeded from former Kansai Urban and former Kinki Osaka.

(2) Defined benefit plan (including the plan using the simplified method)

(a) The changes in defined benefit obligation for the fiscal years ended March 31, 2021 and 2020

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Balance at the beginning of the fiscal year	**¥ 447,973**	¥ 470,001	**$ 4,045**
Current service cost	**12,020**	12,953	**108**
Interest cost	**1,306**	1,481	**11**
Actuarial losses	**(1,351)**	(2,177)	**(12)**
Benefits paid	**(22,835)**	(24,232)	**(206)**
Prior service cost	**(2,726)**	—	**(24)**
Decrease by the change in the retirement benefit plan of the consolidated subsidiary	**—**	(10,141)	**—**
Other	**(323)**	87	**(2)**
Balance at the end of the fiscal year	**¥ 434,063**	¥ 447,973	**$ 3,920**

Note: Retirement benefit expenses for the consolidated subsidiaries which adopt the simplified method are all included in current service cost.

(b) The changes in plan assets for the fiscal years ended March 31, 2021 and 2020

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Balance at the beginning of the year	**¥ 457,807**	¥ 470,286	**$ 4,134**
Expected return on plan assets	**6,729**	7,326	**60**
Actuarial gains (or losses)	**4,413**	(14,813)	**39**
Contribution from the employer	**5,316**	6,347	**48**
Benefit paid	**(14,446)**	(14,637)	**(130)**
Contribution to a segregated retirement benefit trust of the consolidated subsidiary	**3,000**	7,026	**27**
Decrease by the change in the retirement benefit plan of the consolidated subsidiary	**—**	(3,800)	**—**
Other	**(144)**	71	**(1)**
Balance at the end of the fiscal year	**¥ 462,674**	¥ 457,807	**$ 4,178**

(c) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2021 and 2020

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Funded plans benefit obligation	¥ **410,722**	¥ 424,347	$ **3,709**
Plan assets	**(462,674)**	(457,807)	**(4,178)**
Subtotal	**(51,952)**	(33,459)	**(469)**
Unfunded defined benefit obligation	**23,375**	23,659	**211**
Net liability for defined benefit obligation	¥ **(28,577)**	¥ (9,800)	$ **(258)**
Net defined benefit liability	**15,371**	22,709	**138**
Net defined benefit asset	**(43,949)**	(32,510)	**(396)**
Net liability for defined benefit obligation	¥ **(28,577)**	¥ (9,800)	$ **(258)**

(d) The components of net periodic benefit costs for the fiscal years ended March 31, 2021 and 2020

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Service cost	¥ **12,020**	¥ 12,953	$ **108**
Interest cost	**1,306**	1,481	**11**
Expected return on plan assets	**(6,729)**	(7,326)	**(60)**
Recognized actuarial gains	**12,043**	8,327	**108**
Recognized prior service cost	**(2,726)**	—	**(24)**
Other (Supplemental benefits which are not subject to defined benefit obligation)	**966**	961	**8**
Net periodic benefit costs	¥ **16,881**	¥ 16,397	$ **152**

Note: Other than the above, the Group recognized ¥4,191 million of gain resulting from the change in the retirement benefit plan of a consolidated subsidiary for the fiscal year ended March 31, 2020.

(e) The components of remeasurements of defined benefit plans for the fiscal years ended March 31, 2021 and 2020

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Actuarial gains (or losses)	¥ **17,807**	¥ (2,512)	$ **160**
Other	**58**	—	**0**
Total	¥ **17,866**	¥ (2,512)	$ **161**

(f) Accumulated other comprehensive income (before tax effect) on defined retirement benefit plans as of March 31, 2021 and 2020

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Unrecognized actuarial losses	¥ **(46,214)**	¥ (64,080)	$ **(417)**

(g) Plan assets as of March 31, 2021 and 2020

(i) Components of plan assets

	2021	2020
Bonds	**63%**	62%
Stocks	**10%**	6%
Cash and Deposits and other	**27%**	32%
Total	**100%**	100%

Note: Total plan assets include 29% and 28% for the fiscal years ended March 31, 2021 and 2020, respectively, of a segregated retirement benefit trust which is set up for corporate pension fund and lump-sum retirement benefit plans.

(ii) Method of determining the expected rate of return on plan assets

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

(h) Assumptions used for the fiscal years ended March 31, 2021 and 2020

	2021	2020
Discount rate (weighted average)	**0.089 - 0.44%**	0.21 - 0.75%
Expected rate of return on plan assets.....................	**0.00 - 2.40%**	0.00 - 2.40%

(3) Defined contribution retirement plan

Contribution paid to the defined contribution plan of certain consolidated domestic subsidiaries were ¥1,793 million ($16 million) and ¥1,547 million for the fiscal years ended March 31, 2021 and 2020, respectively.

32. STOCK OPTIONS

(1) Terms, volume and activity of the stock options

(a) Details of the stock options outstanding as of March 31, 2021

Stock option type	Kansai Mirai Financial Group, Inc. Series 1 Stock Subscription Right (*)
Types and number of grantees	7 directors of Minato (of which 1 outside director) 12 executive officers of Minato
Number of options granted	72,522 shares of common stock
Date of grant	April 1, 2018
Vesting conditions	N/A
Relevant service period	N/A
Exercise period	From April 1, 2018 to July 20, 2042

Stock option type	Kansai Mirai Financial Group, Inc. Series 2 Stock Subscription Right (*)
Types and number of grantees	7 directors of Minato (of which 1 outside director) 12 executive officers of Minato
Number of options granted	70,863 shares of common stock
Date of grant	April 1, 2018
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato
Relevant service period	From June 27, 2013 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March. 31, 2014.
Exercise period	From April 1, 2018 to July 19, 2043

Stock option type	Kansai Mirai Financial Group, Inc. Series 3 Stock Subscription Right (*)
Types and number of grantees	7 directors of Minato (of which 1 outside director) 16 executive officers of Minato
Number of options granted	67,071 shares of common stock
Date of grant	April 1, 2018
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato.
Relevant service period	From June 27, 2014 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2015.
Exercise period	From April 1, 2018 to July 18, 2044

Stock option type	Kansai Mirai Financial Group, Inc. Series 4 Stock Subscription Right (*)
Types and number of grantees	7 directors of Minato (of which 2 outside directors) 17 executive officers of Minato
Number of options granted	46,215 shares of common stock
Date of grant	April 1, 2018
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato.
Relevant service period	From June 26, 2015 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2016.
Exercise period	From April 1, 2018 to July 17, 2045

Stock option type	Kansai Mirai Financial Group, Inc. Series 5 Stock Subscription Right (*)
Types and number of grantees	7 directors of Minato (of which 2 outside directors) 17 executive officers of Minato
Number of options granted	87,690 shares of common stock
Date of grant	April 1, 2018
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato.
Relevant service period	From June 29, 2016 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2017.
Exercise period	From April 1, 2018 to July 21, 2046

Stock option type	Kansai Mirai Financial Group, Inc. Series 6 Stock Subscription Right (*)
Types and number of grantees	8 directors of Minato (of which 2 outside directors) 19 executive officers of Minato
Number of options granted	72,048 shares of common stock
Date of grant	April 1, 2018
Vesting conditions	Either at the point of losing position as a director or an executive officer of Minato.
Relevant service period	From June 29, 2017 to the conclusion of the ordinary shareholders' meeting for the fiscal year ended on March 31, 2018.
Exercise period	From April 1, 2018 to July 21, 2047

(*) Kansai Mirai Financial Group, Inc. ("Kansai Mirai FG") granted the stock options on April 1, 2018 in exchange for the stock options granted by Minato Bank.

(b) Volume and activity of the stock options

Below information covers the stock options existed for the fiscal year ended March 31, 2021 and the number of the stock options are converted into the number of shares.

(i) Number of stock options (shares)

	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
Non-vested:						
March 31, 2020 – outstanding	5,925	4,977	12,561	19,197	37,683	36,735
Granted	—	—	—	—	—	—
Vested	5,925	4,977	6,873	8,058	14,220	12,798
March 31, 2021 – outstanding	—	—	**5,688**	**11,139**	**23,463**	**23,937**
Vested:						
March 31, 2020 – outstanding	52,377	54,747	49,296	27,018	47,400	35,313
Vested	5,925	4,977	6,873	8,058	14,220	12,798
Exercised	8,769	5,214	4,740	1,659	2,607	1,896
March 31, 2021 – outstanding	**49,533**	**54,510**	**51,429**	**33,417**	**59,013**	**46,215**

(ii) Unit price information

	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
Exercise price	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**
Average stock price at the time of exercise	**531**	**450**	**344**	**637**	**637**	**637**
Fair value at the date of the grant	**556**	**700**	**763**	**1,303**	**645**	**840**

	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
Exercise price	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**
Average stock price at the time of exercise	**4.79**	**4.06**	**3.10**	**5.75**	**5.75**	**5.75**
Fair value at the date of the grant	**5.02**	**6.32**	**6.89**	**11.76**	**5.82**	**7.58**

33. COMPREHENSIVE INCOME

Reclassification adjustment and tax effect of other comprehensive income for the fiscal years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Net unrealized gains (losses) on available-for-sale Securities			
Amount incurred during the fiscal year	**¥ 251,817**	¥ (142,097)	**$ 2,274**
Reclassification adjustment	**(53,238)**	(24,987)	**(480)**
Prior to deducting tax effect	**198,579**	(167,084)	**1,793**
Tax effect	**(56,622)**	42,961	**(511)**
Net unrealized gains (losses) on available-for-sale securities	**¥ 141,956**	¥ (124,122)	**$ 1,282**
Net deferred gains (losses) on hedges			
Amount incurred during the fiscal year	**¥ 1,152**	¥ (2,789)	**$ 10**
Reclassification adjustment	**(9,711)**	(12,334)	**(87)**
Prior to deducting tax effect	**(8,559)**	(15,123)	**(77)**
Tax effect	**2,617**	4,620	**23**
Net deferred gains (losses) on hedges	**¥ (5,941)**	¥ (10,503)	**$ (53)**
Foreign currency translation adjustments			
Amount incurred during the fiscal year	**¥ (6,004)**	¥ 4,762	**$ (54)**
Reclassification adjustment	**—**	—	**—**
Prior to deducting tax effect	**(6,004)**	4,762	**(54)**
Tax effect	**—**	—	**—**
Foreign currency translation adjustments	**¥ (6,004)**	¥ 4,762	**$ (54)**
Remeasurements of defined benefit plans			
Amount incurred during the fiscal year	**¥ 5,764**	¥ (16,386)	**$ 52**
Reclassification adjustment	**12,101**	13,874	**109**
Prior to deducting tax effect	**17,866**	(2,512)	**161**
Tax effect	**(5,469)**	767	**(49)**
Remeasurements of defined benefit plans	**¥ 12,396**	¥ (1,744)	**$ 111**
Share of other comprehensive income of affiliates accounted for using equity method			
Amount incurred during the fiscal year	**¥ 68**	¥ (39)	**$ 0**
Reclassification adjustment	**11**	7	**0**
Share of other comprehensive income of affiliates accounted for using equity method	**79**	(32)	**0**
Total other comprehensive income	**¥ 142,486**	¥ (131,640)	**$ 1,286**

34. PER SHARE INFORMATION

(1) Net income per share of common stock

Basic and diluted net income per share of common stock ("EPS") and their calculation basis for the fiscal years ended March 31, 2021 and 2020 was as follows:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Basic EPS			
Net income attributable to owners of parent	**¥ 124,481**	¥ 152,426	**$ 1,124**
Amount not attributable to owners of common stock	**—**	—	**—**
Net income attributable to owners of parent for common stock	**¥ 124,481**	¥ 152,426	**$ 1,124**
Weighted average shares (shares in thousand)	**2,296,812**	2,299,835	**2,296,812**
Basic EPS	**54.19 yen**	66.27 yen	**US$ 0.48**
Diluted EPS			
Adjustments of net income attributable to owners of parent for common stock	**¥ (6)**	¥ (2)	**$ (0)**
Increase in share of common stock	**—**	—	**—**
Diluted EPS	**54.19 yen**	66.27 yen	**US$ 0.48**

Note: Average number of common shares during the period is after deductions of 1) the number of shares of treasury stock and 2) the number of shares held by the ESOP trust (2,514 thousand shares and 5,203 thousand shares as of March 31, 2021 and 2020, respectively), and 3) the number of shares held by the share benefit trust for officers (2,398 thousand shares as of March 31, 2021).

(2) Net assets per share of common stock

Net assets per share of common stock and their calculation basis as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Total net assets	**¥ 2,519,645**	¥ 2,316,543	**$ 22,756**
Deductions from total net assets:	**202,379**	238,208	**1,827**
Stock acquisition rights	**279**	297	**2**
Which noncontrolling interests	**202,099**	237,910	**1,825**
Net assets attributable to common stock at the end of the fiscal year	**¥ 2,317,265**	¥ 2,078,335	**$ 20,929**
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousand)	**2,296,991**	2,297,498	**2,296,991**
Net assets per share of common stock	**1,008.82 yen**	904.60 yen	**US$ 9.11**

Note: The number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock is after deductions of 1) the number of shares of treasury stock and 2) the number of shares held by the ESOP trust (1,050 thousand shares and 3,922 thousand shares as of March 31, 2021 and 2020, respectively), and 3) the number of shares held by the share benefit trust for officers (3,789 thousand shares as of March 31, 2021).

35. SEGMENT INFORMATION

(1) Description of segments

(a) General information about segments

Segments are components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the chief operating decision maker, the Board of Directors in the case of the Company, to make decisions about resources to be allocated to the segment and assess its performance.

Under the management accounting by group business line, group business line is classified into Consumer banking, Corporate banking and Market trading. The Group assesses them as reportable segments. Kansai Mirai FG unit, which conducts banking business such as deposit and lending operation in Kansai region, has been additionally presented as a reportable segment

Principal operating activities of the segments are as follows:

Segment	Principal operating activity
Consumer banking	Mainly for individual customers, provide consulting services regarding consumer loan, asset management and asset succession
Corporate banking	Mainly for corporate customers, support their business growth by providing services regarding corporate loan, trust asset management, real estate business, corporate pension and asset succession
Market trading	In financial markets, transact in short term lending, borrowing, bond purchase and sale, and derivatives trading

(b) Overview of segment profit and loss

(i) Gross operating profit
Gross operating profit includes “net interest income” representing net interest income on deposits, loans and securities and “fees and commissions” representing various net commission fees. It is equal to the amount of “income” except “other income,” such as gain on sales of securities, less “expenses” except “general and administrative expenses” and “other expenses,” such as provision to reserve for loan losses, in the consolidated statements of income.

(ii) General and administrative expenses
General and administrative expenses are personnel and other operating expenses for the banking business. They are equal to the amount of “general and administrative expenses” less a part of “retirement benefit expenses” in the consolidated statements of income.

(iii) Actual net operating profit
Actual net operating profit is equal to the amount of gross operating profit (excluding disposal of bad debts for trust accounts) less general and administrative expenses and add equity in earnings of investments in affiliates. It represents the primary operating profit from the banking business.

(iv) Credit cost
Credit cost is the amount of credit-related expenses included in “other expenses,” such as provision to reserve for loan losses and write-off of loans, less credit-related gains included in “other income,” such as gain on recovery of written-off loans, in the consolidated statements of income.

(v) Net operating profit less credit cost
Net operating profit less credit cost is equal to the amount of actual net operating profit less credit cost. It represents segment net income of the Group.

(2) Basis for measurement of segment profit and loss

Accounting policies and methods used to determine profit and loss of the segments are the same as those applied to the consolidated financial statements, described in Note 2 “Summary of significant accounting policies”.

In cases where funds are raised by the market trading segment and are utilized in the consumer banking or the corporate banking segments, certain profit and loss determined by internal accounting rule is allocated to each operating segment for performance measurement purpose.

Disclosure of segment assets is omitted because the Group does not allocate assets to each segment.

(3) Information about profit and loss of each segment

Profit and loss of each segment for the fiscal years ended March 31, 2021 and 2020 were as follows:

	Millions of yen						
	Consumer banking (*1)	Corporate banking (*1)(*2)(*3)	Market trading (*4)	Kansai Mirai FG (*4)	Subtotal	Other (*5)	Total
March 31, 2021							
Gross operating profit	**¥ 182,112**	**¥ 259,804**	**¥ 60,086**	**¥ 143,017**	**¥ 645,020**	**¥ (1,058)**	**¥ 643,962**
General and administrative expenses (*6)	**(153,661)**	**(145,881)**	**(10,322)**	**(109,534)**	**(419,400)**	**3,855**	**(415,544)**
Actual net operating profit	**28,450**	**113,962**	**49,764**	**33,482**	**225,659**	**3,204**	**228,864**
Credit cost	**(1,433)**	**(43,594)**	**—**	**(12,219)**	**(57,247)**	**(187)**	**(57,435)**
Net operating profit less credit cost	**¥ 27,017**	**¥ 70,367**	**¥ 49,764**	**¥ 21,263**	**¥ 168,412**	**¥ 3,017**	**¥ 171,429**
March 31, 2020							
Gross operating profit	¥ 196,131	¥ 259,529	¥ 62,248	¥ 142,452	¥ 660,362	¥ (6,253)	¥ 654,109
General and administrative expenses (*6)	(152,079)	(146,273)	(9,234)	(113,612)	(421,201)	4,016	(417,184)
Actual net operating profit	44,051	113,345	53,014	28,839	239,251	(1,820)	237,430
Credit cost	(2,158)	(14,551)	—	(6,224)	(22,934)	(37)	(22,972)
Net operating profit less credit cost	¥ 41,893	¥ 98,794	¥ 53,014	¥ 22,614	¥ 216,316	¥ (1,858)	¥ 214,457

	Millions of U.S. dollars						
	Consumer banking (*1)	Corporate banking (*1)(*2)(*3)	Market trading (*4)	Kansai Mirai FG (*4)	Subtotal	Other (*5)	Total
March 31, 2021							
Gross operating profit	**$ 1,644**	**$ 2,346**	**$ 542**	**$ 1,291**	**$ 5,825**	**$ (9)**	**$ 5,816**
General and administrative expenses (*6)	**(1,387)**	**(1,317)**	**(93)**	**(989)**	**(3,787)**	**34**	**(3,753)**
Actual net operating profit	**256**	**1,029**	**449**	**302**	**2,038**	**28**	**2,067**
Credit cost	**(12)**	**(393)**	—	**(110)**	**(517)**	**(1)**	**(518)**
Net operating profit less credit cost	**$ 244**	**$ 635**	**$ 449**	**$ 192**	**$ 1,521**	**$ 27**	**$ 1,548**

Notes: (*1) The Consumer banking unit and the Corporate banking unit contain operating results of the credit guarantee subsidiaries and other consolidated subsidiaries.

(*2) Gross operating profit of the Corporate banking unit excludes gain on disposal of bad debts for trust accounts amounting to ¥10 million ($0 million) but includes share of profits in affiliates accounted for using equity method amounting to ¥49 million ($0 million) for the fiscal year ended March 31, 2021.

(*3) Gross operating profit of the Corporate banking unit excludes gain on disposal of bad debts for trust accounts amounting to ¥10 million but includes share of profits in affiliates accounted for using equity method amounting to ¥99 million for the fiscal year ended March 31, 2020.

(*4) Gross operating profit of the Market trading unit and the Kansai Mirai FG unit contains some portion of gains (losses) on equity securities.

(*5) “Other” includes all other departments, such as management office, which are not operating segments. In addition, Actual net operating profit includes Equity in earnings of investments in affiliates of ¥407 million ($3 million) and ¥415 million for the fiscal years ended March 31, 2021 and 2020, respectively.

(*6) Depreciation expense is included in general and administrative expenses.

(4) Reconciliation between the segment information and the consolidated financial statements

Reconciliation between the segment information and the consolidated financial statements for the fiscal years ended March 31, 2021 and 2020 was as follows:

	Millions of yen		Millions of U.S. dollars
	2021	2020	**2021**
Total amount of segments	**¥ 168,412**	¥ 216,316	**$ 1,521**
Net losses of “Other”	**3,017**	(1,858)	**27**
Net non-recurring gains (losses) other than credit cost (*1)	**19,531**	(167)	**176**
Net extraordinary gains (losses) (*2)	**(6,644)**	(2,112)	**(60)**
Income before income taxes	**¥ 184,316**	¥ 212,177	**$ 1,664**

Notes: (*1) Non-recurring gains (losses) other than credit cost include some portion of gains/losses on securities and retirement benefit expenses.
(*2) Net extraordinary gains (losses) include impairment losses.

(5) Additional information

(a) Information on services for the fiscal years ended March 31, 2021 and 2020

Information on services has been omitted because the Group classifies operating segments by service.

(b) Geographic information for the fiscal years ended March 31, 2021 and 2020

Since the ordinary income and total tangible fixed assets attributable to the "Japan" segment account for more than 90% of the total of all geographic segments, geographical segment information has not been presented.

(c) Information on major customers for the fiscal years ended March 31, 2021 and 2020

Since there has been no specific customer to which the Group sells more than 10% of total ordinary income in the consolidated statements of income, information on major customers has not been presented.

(6) Information for impairment losses on fixed assets by segment

For the fiscal year ended March 31, 2020, impairment losses of ¥6,902 million was recognized at Kansai Mirai FG segment.

36. RELATED PARTY TRANSACTIONS

Major transactions and balances with related parties for the fiscal year ended March 31, 2021 and 2020 were as follows:

(1) Directors and major shareholders of the Company

Fiscal Year March 31, 2021

Type	Name	Voting Rights Holding or Held (%)	Relation with the Party	Description of the transactions
Chairman and Director	Kazuhiro Higashi	—	—	In-kind contribution by monetary compensation receivable (*1)

Transaction amount for the fiscal year		Account name	Balance at the end of the fiscal year	
Millions of yen	Millions of U.S. dollar		Millions of yen	Millions of U.S. dollar
¥ 10	**$ 0**	—	—	—

Note: (*1) In-kind contribution by monetary compensation receivable is pursuant to the performance-based stock compensation program.

Fiscal Year March 31, 2020

Not applicable.

(2) Companies owned more than 50% interest by the Group's directors, corporate auditors, executive officers and their relatives

Fiscal Year March 31, 2021

Name	Location	Capital or Contribution (Millions of yen)	Nature of Business	Voting Rights Holding or Held (%)	Relation with the Party
Sekigen,Ltd (*1)(*2)	Kumagaya city, Saitama	5	Real estate leasing	—	Loan transaction

Name	Description of the transactions	Transaction amount for the fiscal year		Account name	Balance at the end of the fiscal year	
		Millions of yen	Millions of U.S. dollar		Millions of yen	Millions of U.S. dollar
Sekigen,Ltd (*1)(*2)	Lending money (*4)	**¥ —**	**$ —**	Loans and bills discounted	**¥ 11**	**$ 0**

Name	Location	Capital or Contribution (Millions of yen)	Nature of Business	Voting Rights Holding or Held (%)	Relation with the Party
Den Enterprise (*1)(*3)	Kusatsu city, Shiga	10	Real estate leasing	—	Loan transaction

Name	Description of the transactions	Transaction amount for the fiscal year		Account name	Balance at the end of the fiscal year	
		Millions of yen	Millions of U.S. dollar		Millions of yen	Millions of U.S. dollar
Den Enterprise (*1)(*3)	Lending money (*4)	¥ —	$ —	Loans and bills discounted	¥ **71**	$ **0**

Fiscal Year March 31, 2020

Name	Location	Capital or Contribution (Millions of yen)	Nature of Business	Voting Rights Holding or Held (%)	Relation with the Party
Sekigen,Ltd (*1)(*2)	Kumagaya city, Saitama	5	Real estate leasing	—	Loan transaction

Name	Description of the transactions	Transaction amount for the fiscal year (Millions of yen)	Account name	Balance at the end of the fiscal year (Millions of yen)
Sekigen,Ltd (*1)(*2)	Lending money (*4)	¥ —	Loans and bills discounted	¥ 14

Notes: (*1) Regarding terms and conditions of the transactions and determining policies of those are same as for general customers.
(*2) Relative of executive officer of the Company, Hideki Tahara, owns majority of the voting rights of the company.
(*3) Relative of executive officer of the Company, Narunobu Ohta, owns majority of the voting rights of the company.
(*4) Real estate is pledged as a collateral for loans and bills discounted.

37. BUSINESS COMBINATION

Transaction under common control

Additional acquisition of subsidiary's shares

(1) Overview of transaction

(i) Name and business of combined company

Name of the combined company: Kansai Mirai Financial Group, Inc. (Consolidated subsidiary of the Company)

Business of the combined company: Bank Holding Company

(ii) Date of the business combination

December 9, 2020

(iii) Legal form of the business combination

Acquisition of shares from noncontrolling interests

(iv) Company name after the combination

No change

(v) Other

The transaction and the following share exchange between the Company, as the wholly-owning parent company, and Kansai Mirai FG, as the wholly-owned subsidiary, were conducted to further enhance the entire Group's commitment to the Kansai region and reinforcement of the management capabilities to support customers and the local economy as a Group, and to promote measures to realize group synergies, such as re-building the business base of the entire Group, optimizing the Kansai channel network, and accelerating the downsizing of the headquarters' functions.

(2) Summary of accounting treatments

This business combination is treated as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No.21, January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019).

(3) Details of additional acquisition of subsidiary's shares

Acquisition cost and breakdown of consideration by class

Consideration	Cash and due from banks	¥17,220 million	($155 million)
Acquisition cost		¥17,220 million	($155 million)

(4) Changes in the Company's shareholder interests in transactions with noncontrolling interests

(i) Major factors contributing to changes in capital surplus

Additional acquisition of subsidiary's shares

(ii) Amount of capital surplus increased by transactions with noncontrolling interests

¥25,869 million ($233 million)

38. SUBSEQUENT EVENTS

I. Appropriation of retained earnings

On May 11, 2021, the Board of Directors approved payment of cash dividends to stockholders of record on March 31, 2021 as follows:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends of which dividends source were retained earnings:		
Common stock, ¥10.50 ($0.094) per share (*)	**¥ 24,169**	**$ 218.28**
Total	**¥ 24,169**	**$ 218.28**

Note: (*)Year-end cash dividends for the fiscal year ended March 31, 2021 included ¥11 million ($0 million) of dividends paid to the ESOP Trust.

II. Share exchange with Kansai Mirai FG, as the wholly-owned subsidiary

The Company and Kansai Mirai FG resolved at their respective board of directors meeting held on November 11, 2020 to conduct a share exchange where the Company would be a wholly-owning parent company and Kansai Mirai FG would be a wholly-owned subsidiary, and executed the Share Exchange Agreement between them on the same day. The share exchange was conducted on April 1, 2021, as the effective date, respectively (i) by the Company through a simplified share exchange without requiring the approval at its shareholders meeting pursuant to Article 796, Paragraph2 of the Companies Act and (ii) by Kansai Mirai FG after obtaining the approval at its extraordinary shareholders meeting held on February 19, 2021. As a result, Kansai Mirai FG became a wholly-owned subsidiary of the Company.

(1) Overview of transaction

(i) Name and business of combined company

Name of the combined company:	Kansai Mirai Financial Group, Inc. (Consolidated subsidiary of the Company)
Business of the combined company:	Bank Holding Company

(ii) Date of the business combination

April 1, 2021

(iii) Legal form of the business combination

Share exchange between the Company, as the wholly-owning parent company, and Kansai Mirai FG, as the wholly-owned subsidiary

(iv) Company name after the combination

No change

(v) Other

The share exchange was conducted to further enhance the entire Group's commitment to the Kansai region and reinforcement of the management capabilities to support customers and the local economy as a Group, and to promote measures to realize group synergies, such as re-building the business base of the entire Group, optimizing the Kansai channel network, and accelerating the downsizing of the headquarters' functions by making Kansai Mirai FG a wholly-owned subsidiary.

(2) Summary of accounting treatments

This business combination is treated as a transaction under common control in accordance with “Accounting Standard for Business Combinations” (ASBJ Statement No.21, January 16, 2019) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, January 16, 2019).

(3) Acquisition cost and breakdown of consideration by class of the acquired company

Consideration	Cash and due from banks	¥97,371 million	($879 million)
	Stock acquisition rights	¥ 279 million	($ 2 million)
Acquisition cost		¥97,650 million	($881 million)

(4) Share exchange ratio by class of shares, its valuation methodologies, and delivered number of shares

(i) Share exchange ratios by class of shares

1.42 share of the Company’s common stock were allocated and delivered for 1 share of Kansai Mirai FG’s common stock

(ii) Valuation methodologies of the share exchange ratio

In order to ensure the fairness and appropriateness of the determination of the share exchange ratio, the Company and Kansai Mirai FG requested the calculation and analysis of the share exchange ratio to their respective third-party valuation institutions independent from both companies, and repeated negotiations and discussions carefully. As a result, they determined that the share exchange ratio was appropriate, and the share exchange would contribute to the interest of their respective shareholders.

(iii) Delivered number of shares

209,220,364 shares

(5) Changes in the Company’s shareholder interests in transactions with noncontrolling interests

(i) Major factors contributing to changes in capital surplus

Additional acquisition of subsidiary’s shares

(ii) Amount of capital surplus increased by transactions with noncontrolling interests

¥184,556 million ($1,666 million)

III. Plan to acquire shares of treasury stock

The Company has resolved, at board of directors meeting held on May 11, 2021, to acquire shares of treasury stock pursuant to Article 156, Paragraph 1 of the Companies Act, based upon the provision of Article 50 of the Company's Articles of Incorporation made under Article 459, Paragraph 1, Item 1 of the Companies Act, as follows.

(1) Reason for the acquisition of treasury stock

The Company conducts an acquisition of treasury stock in order to respond to the dilution of EPS resulting from the execution of a series of transactions aimed at the Company making Kansai Mirai FG a wholly-owned subsidiary, including the share exchange. The Company determined the maximum total number of shares to be acquired by considering the fluctuation in the total number of shares issued by the Company through the share exchange and the fluctuation in the amount of net income attributable to owners of the parent of the Company.

(2) Details of the matters concerning the acquisition

(i) Class of shares to be acquired:	Common stock of the Company
(ii) Total number of shares to be acquired:	Up to 88,000,000 shares *3.51% of the total number of common shares issued (excluding treasury stock)
(iii) Total acquisition cost:	Up to ¥50,000 million ($451 million)
(iv) Period of acquisition:	From May 12, 2021 to September 30, 2021
(v) Method of acquisition:	Market buying on the Tokyo Stock Exchange (i) Purchases through Off-Floor Treasury Share Repurchase Trading on the Tokyo Stock Exchange (ToSTNeT-3) (ii) Market buying pursuant to the discretionary purchase agreement

(3) Status of the acquisition

Following acquisition of treasury stock was completed.

(i) Total number of shares acquired:	88,000,000 shares
(ii) Total acquisition cost:	¥40,904 million ($369 million)
(iii) Period of acquisition:	From May 12, 2021 to June 11, 2021 (Execution bases)

The treasury stock to be acquired under this acquisition is planned to be retired.

IV. Cancellation of treasury stock

On July 30, 2021, the Company decided to cancel its treasury stock, pursuant to Article 178 of the Companies Act, as follows.

(i) Class of shares to be cancelled:	Common stock of the Company
(ii) Total number of shares to be cancelled:	88,006,689 shares *3.50% of the total number of common shares issued before the cancellation
(iii) Date of cancellation:	August 10, 2021

Total number of common shares issued after the cancellation was 2,424,042,866 shares including treasury stock.