ANNUAL REPORT 2021

THE OITA BANK,LTD.

THE OITA BANK,LTD.

OITA BANK PROFILE

The Oita Bank, Ltd., was founded in 1893 in Oita Prefecture, Kyushu, in the southwest of the Japanese archipelago. For more than a century, the Bank has provided outstanding financial services to individual and corporate clients, contributing significantly to the economic growth and prosperity of Oita Prefecture and the greater Kyushu region.

In Oita Prefecture, there was a steady stream of capital investment from some of the world's most prominent enterprises in the high-tech and automotive industries, which has had a major impact on the economy of the prefecture. At the same time, the prefecture continues to reinforce infrastructure to support its development as a hub of international business.

As the leading bank native to Oita Prefecture, the Oita Bank strives to strengthen its management structure and enhance financial services, thereby contributing to the region's prosperity.

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RED BRICK BUILDING

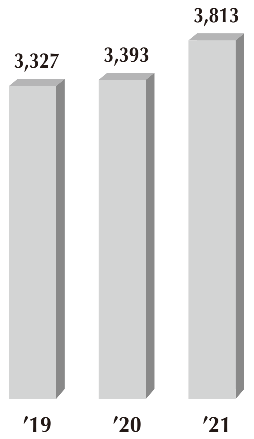

SORINKAN

CONSOLIDATED FINANCIAL HIGHLIGHTS

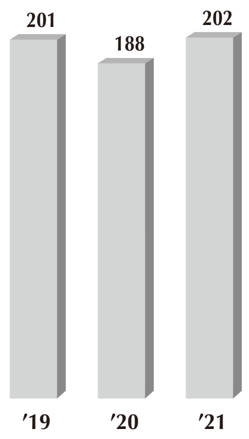
THE OITA BANK, LTD. and Consolidated Subsidiaries
Years Ended March 31, 2021, 2020 and 2019

	Millions of Yen		
	2021	2020	2019
Deposits	**¥3,294,890**	¥3,012,235	¥2,977,170
Loans and bills discounted	**1,906,882**	1,832,686	1,839,806
Investment securities	**1,269,941**	1,095,311	1,119,566
Common stock	**19,598**	19,598	19,598
Total equity	**202,746**	188,568	201,937
Total assets	**3,813,669**	3,393,016	3,327,849
Net income attributable to owners of the parent	**3,615**	5,081	5,759
Number of branches (Nonconsolidated)	**93**	93	94
Number of employees (Nonconsolidated)	**1,607**	1,632	1,644

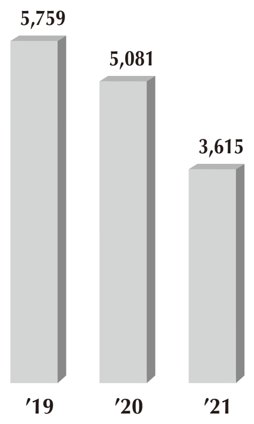
TOTAL ASSETS
Billions of yen



TOTAL EQUITY
Billions of yen



NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT
Millions of yen



Note: All graph figures are for the years ended March 31.

A MESSAGE FROM THE MANAGEMENT

A Value-Creating Company That Enhances the Region's Sustainability

Oita Bank sincerely appreciates the continued patronage of all our stakeholders.

Since its founding in 1893, the Oita Bank has continued to operate as a regional financial institution built on solid foundations. We extend our warmest thanks to all our stakeholders for your support over the years.

In April 2021, Oita Bank formulated a new long-term vision, to be "a value-creating company that enhances the region's sustainability." This vision, looking 10 years into the future, encapsulates our aim of augmenting sustainability for the region and the Bank. In these ways, we aim to create new value and markets in the region, thereby increasing the region's sustainability.

The entire Oita Bank Group is working together on initiatives that create value in four areas: customers, the economy, society and the environment.

We position reaching the objectives of Medium-Term Management Plan 2021, which covers a three-year period beginning in fiscal 2021, as the first step toward realizing our long-term vision. Under the core theme of "taking up the challenge of transforming ourselves in preparation for the future," we are working to build a regional ecosystem that combines financial and nonfinancial elements.

With Oita Prefecture being its base of operations, the Bank is undertaking full-fledged efforts to invigorate the region. Oita Bank believes that helping to revitalizing the local economy is its obligation as a regional bank.

The Bank will continue to grow along with regional communities by creating shared value through proactive engagement in the resolution of numerous issues facing regional communities.

FY2020 Consolidated Operating Performance

Deposits

As of March 31, 2021, total deposits, including negotiable certificates of deposit, amounted to ¥3,294.8 billion, up ¥282.6 billion from one year earlier.

Loans and Bills Discounted

Total loans and bills discounted outstanding amounted to ¥1,906.8 billion on March 31, 2021, up ¥74.1 billion from one year earlier, owing to an increased business loans and individual loans.

Investment Securities

Investment securities on March 31, 2021 totaled ¥1,269.9 billion, up ¥174.6 billion from one year earlier, due to increases in other securities, local government bonds and Japanese government bonds.

Foreign Exchange

Foreign exchange transactions, including international trade transactions, overseas remittances and foreign currency deposits, totaled US$1,702 million, US$6 million lower than the previous fiscal year-end.

Earnings

Ordinary profit was down ¥3,096 million year on year, to ¥57,709 million, due to a decrease in interest on securities, gain on sale of Japanese government bonds and interest on loans. Ordinary income fell ¥2,563 million year on year, to ¥6,767 million. Net income attributable to owners of the parent fell ¥1,465 million year on year, to ¥3,615 million, partly due to a decline in the extraordinary loss.

Dividend Policy

In due consideration of its responsibility to the public as a financial institution, the Bank's fundamental dividend policy is stable and continuous profit distribution. To this end, we are striving to strengthen its financial structure by reinforcing the long-term stability of its management base, improving management efficiency and building sufficient reserves.

Taking into overall account the Bank's operating performance for FY2020, the Bank has set the annual dividend at ¥80.00 per share (including an interim dividend of ¥40.00 per share).

Capital Adequacy Ratio

As of March 31, 2021, the Bank's capital adequacy ratio was 10.01% on a non-consolidated basis and 10.82% on a consolidated basis, both of which easily exceed the domestic standard of 4%.

For customers to be able do transactions with us with peace of mind, we will strive to further increase our capital adequacy and strengthen our management structure.

Credit Rating

On September 29, 2000, the Bank attained an "A+" long-term preferred debt rating from Japan Credit Rating Agency, Ltd. (JCR), and the Bank has consistently maintained that rating for the 21 years since. Given that "A+" is the highest of the three kinds of "A," the JCR rating attests to the stability and soundness of the Oita Bank.

Conclusion

Oita Bank recognizes its responsibilities as a regional bank with Oita Prefecture as its base of operations. Accordingly, we work proactively to contribute to regional communities through our banking operations.

We ask our stakeholders for their understanding and support of the Bank's endeavors.

August 2021

Tomiichiro Goto
President

T. Goto

Consolidated Balance Sheet

THE OITA BANK, LTD. and Consolidated Subsidiaries
March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	**2021**
ASSETS:			
Cash and due from banks (Notes 19 and 20)	**¥ 512,688**	¥ 337,044	**$ 4,630,909**
Commercial paper and other debt purchased	**3,914**	3,236	**35,353**
Money held in trust (Note 5)	**19,946**	17,939	**180,164**
Investment securities (Notes 4, 10 and 20)	**1,269,941**	1,095,311	**11,470,878**
Loans and bills discounted (Notes 6, 11 and 20)	**1,906,882**	1,832,686	**17,224,117**
Foreign exchange assets	**12,609**	8,361	**113,892**
Lease receivables and leased investment assets	**15,822**	16,278	**142,913**
Other assets (Note 10)	**48,616**	52,234	**439,129**
Premises and equipment (Note 7)	**30,459**	30,664	**275,124**
Intangible assets (Note 8)	**1,084**	1,291	**9,791**
Asset for retirement benefits (Note 14)	**11,488**	7,368	**103,766**
Deferred tax assets (Note 17)	**965**	4,363	**8,716**
Customers' liabilities for acceptances and guarantees (Note 9)	**8,196**	12,237	**74,031**
Reserve for loan losses (Notes 3 and 20)	**(28,945)**	(25,998)	**(261,448)**
TOTAL	**¥3,813,669**	¥3,393,016	**$34,447,376**
LIABILITIES:			
Deposits (Notes 10, 12 and 20)	**¥3,294,890**	¥3,012,235	**$29,761,448**
Payables under repurchase agreements (Note 10)		18,773	
Payables under securities lending transactions (Note 10)	**19,142**	8,517	**172,902**
Borrowed money (Notes 10, 13 and 20)	**229,804**	99,716	**2,075,729**
Foreign exchange liabilities	**35**	187	**316**
Other liabilities	**45,660**	39,527	**412,428**
Liability for retirement benefits (Note 14)	**6,753**	7,047	**60,997**
Reserve for reimbursement of deposits	**1,383**	1,757	**12,492**
Deferred tax liabilities (Note 17)	**736**		**6,647**
Deferred tax liabilities for land revaluation excess	**4,319**	4,448	**39,011**
Acceptances and guarantees (Note 9)	**8,196**	12,237	**74,031**
Total liabilities	**3,610,922**	3,204,447	**32,616,041**
EQUITY (Notes 15 and 25):			
Common stock- authorized, 30,000,000 shares; issued, 16,243,634 shares in 2021 and 2020	**19,598**	19,598	**177,021**
Capital surplus	**13,771**	13,778	**124,388**
Stock acquisition rights (Note 16)	**266**	237	**2,402**
Retained earnings	**143,043**	140,394	**1,292,051**
Treasury stock- at cost, 498,184 shares in 2021 and 503,082 shares in 2020	**(2,254)**	(2,279)	**(20,359)**
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities (Note 4)	**18,093**	10,899	**163,426**
Deferred gain (loss) on derivatives under hedge accounting (Note 21)	**471**	(593)	**4,254**
Land revaluation excess	**8,664**	8,958	**78,258**
Defined retirement benefit plans (Note 14)	**1,025**	(2,483)	**9,258**
Total	**202,681**	188,509	**1,830,737**
Noncontrolling interests	**65**	59	**587**
Total equity	**202,746**	188,568	**1,831,325**
TOTAL	**¥3,813,669**	¥3,393,016	**$34,447,376**

See notes to consolidated financial statements.

Consolidated Statement of Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	**2021**
INCOME:			
Interest on:			
Loans and discounts	**¥21,241**	¥22,440	**$191,861**
Securities	**12,431**	14,811	**112,284**
Other	**143**	135	**1,291**
Total interest income (Note 22)	**33,816**	37,387	**305,446**
Fees and commissions	**9,113**	8,821	**82,314**
Other operating income	**9,812**	11,018	**88,627**
Gains on sales of stocks and other securities	**4,225**	2,723	**38,162**
Other income	**829**	978	**7,488**
Total income	**57,796**	60,930	**522,048**
EXPENSES:			
Interest on:			
Deposits	**380**	498	**3,432**
Borrowings and rediscounts	**35**	72	**316**
Other	**127**	396	**1,147**
Total interest expenses (Note 22)	**542**	968	**4,895**
Fees and commissions	**2,300**	2,272	**20,774**
Other operating expenses	**14,120**	14,369	**127,540**
General and administrative expenses	**29,019**	29,035	**262,117**
Provision for loan losses	**3,622**	1,759	**32,716**
Losses on sales of stocks and other securities	**960**	679	**8,671**
Impairment losses on stocks and other securities	**282**	1,566	**2,547**
Provision for reimbursement of deposits		606	
Impairment losses (Notes 7 and 22)	**454**	811	**4,100**
Other expenses	**169**	317	**1,526**
Total expenses	**51,472**	52,388	**464,926**
INCOME BEFORE INCOME TAXES	**6,323**	8,541	**57,113**
INCOME TAXES (Note 17):			
Current	**3,139**	3,578	**28,353**
Deferred	**(433)**	(118)	**(3,911)**
Total income taxes	**2,706**	3,460	**24,442**
NET INCOME	**3,617**	5,081	**32,670**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**2**	0	**18**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**¥ 3,615**	¥ 5,081	**$ 32,652**

	Yen		U.S. Dollars
	2021	2020	**2021**
PER SHARE OF COMMON STOCK (Notes 2. q and 24):			
Basic net income	**¥229.62**	¥322.85	**$ 2.07**
Diluted net income	**228.47**	289.65	**2.06**
Cash dividends applicable to the year	**80.00**	80.00	**0.72**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	**2021**
NET INCOME	**¥ 3,617**	¥ 5,081	**$ 32,670**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18):			
Unrealized gain (loss) on available-for-sale securities	**7,198**	(15,054)	**65,016**
Deferred gain (loss) on derivatives under hedge accounting	**1,064**	(62)	**9,610**
Defined retirement benefit plans	**3,508**	(2,114)	**31,686**
Total other comprehensive income (loss)	**11,772**	(17,232)	**106,331**
COMPREHENSIVE INCOME (LOSS)	**¥15,389**	¥(12,150)	**$139,002**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	**¥15,383**	¥(12,152)	**$138,948**
Noncontrolling interests	**6**	1	**54**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2021

	Thousands	Millions of Yen											
							Accumulated Other Comprehensive Income						
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Excess	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, APRIL 1, 2019	15,730	¥19,598	¥13,788	¥234	¥136,604	¥(2,327)	¥ 25,954	¥ (530)	¥8,926	¥ (369)	¥201,879	¥57	¥201,937
Net income attributable to owners of the parent					5,081						5,081		5,081
Cash dividends, ¥80.00 per share					(1,258)						(1,258)		(1,258)
Purchase of treasury stock	(0)					(2)					(2)		(2)
Disposal of treasury stock	11		(9)			50					40		40
Transfer from land revaluation excess					(32)						(32)		(32)
Net change in the year				2			(15,055)	(62)	32	(2,114)	(17,197)	1	(17,196)
BALANCE, MARCH 31, 2020	15,740	¥19,598	¥13,778	¥237	¥140,394	¥(2,279)	¥ 10,899	¥ (593)	¥8,958	¥(2,483)	¥188,509	¥59	¥188,568
Net income attributable to owners of the parent					3,615						3,615		3,615
Cash dividends, ¥80.00 per share					(1,259)						(1,259)		(1,259)
Purchase of treasury stock	(1)					(3)					(3)		(3)
Disposal of treasury stock	6		(6)			28					21		21
Transfer from land revaluation excess					293						293		293
Net change in the year				28			7,194	1,064	(293)	3,508	11,503	6	11,509
BALANCE, MARCH 31, 2021	15,745	¥19,598	¥13,771	¥266	¥143,043	¥(2,254)	¥ 18,093	¥ 471	¥8,664	¥ 1,025	¥202,681	¥65	¥202,746

	Thousands of U.S. Dollars (Note 1)											
						Accumulated Other Comprehensive Income						
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Excess	Defined Retirement Benefit Plans	Total	Non-controlling Interests	Total Equity
BALANCE, MARCH 31, 2020	$177,021	$124,451	$2,140	$1,268,123	$(20,585)	$ 98,446	$(5,356)	$80,914	$(22,427)	$1,702,727	$532	$1,703,260
Net income attributable to owners of the parent				32,652						32,652		32,652
Cash dividends, $0.72 per share				(11,372)						(11,372)		(11,372)
Purchase of treasury stock					(27)					(27)		(27)
Disposal of treasury stock		(54)			252					189		189
Transfer from land revaluation excess				2,646						2,646		2,646
Net change in the year			252			64,980	9,610	(2,646)	31,686	103,902	54	103,956
BALANCE, MARCH 31, 2021	$177,021	$124,388	$2,402	$1,292,051	$(20,359)	$163,426	$ 4,254	$78,258	$ 9,258	$1,830,737	$587	$1,831,325

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	**2021**
OPERATING ACTIVITIES:			
Income before income taxes	**¥ 6,323**	¥ 8,541	**$ 57,113**
Adjustments for:			
Income taxes-refunded	**8**	1,746	**72**
Income taxes-paid	**(4,478)**	(1,513)	**(40,448)**
Depreciation and amortization	**1,878**	1,935	**16,963**
Impairment losses	**454**	811	**4,100**
Increase (decrease) in reserve for loan losses	**2,946**	830	**26,610**
Increase (decrease) in liability for retirement benefits	**(42)**	(132)	**(379)**
(Increase) decrease in asset for retirement benefits	**670**	37	**6,051**
Increase (decrease) in reserve for reimbursement of deposits	**(374)**	194	**(3,378)**
Interest income-accrued basis	**(33,816)**	(37,387)	**(305,446)**
Interest expenses-accrued basis	**542**	968	**4,895**
Net (gain) loss on investment securities	**1,717**	871	**15,508**
Net (gain) loss on money held in trust	**(63)**	(19)	**(569)**
Foreign exchange (gains) losses	**12**	(123)	**108**
Net (gain) loss on disposal of fixed assets	**(11)**	(29)	**(99)**
Net (increase) decrease in loans and bills discounted	**(74,196)**	7,120	**(670,183)**
Net increase (decrease) in deposits	**282,655**	35,064	**2,553,111**
Net increase (decrease) in borrowed money	**130,087**	32,306	**1,175,024**
Net (increase) decrease in due from banks (excluding due from the Bank of Japan)	**(1,054)**	(6)	**(9,520)**
Net (increase) decrease in call loans	**(677)**	4,253	**(6,115)**
Net increase (decrease) in call money		(3,329)	
Net increase (decrease) in payables under securities lending transactions	**10,624**	3,692	**95,962**
Net (increase) decrease in foreign exchange assets	**(4,247)**	(4,433)	**(38,361)**
Net increase (decrease) in foreign exchange liabilities	**(151)**	142	**(1,363)**
Net (increase) decrease in lease receivables and leased investment assets	**455**	(472)	**4,109**
Interest income-cash basis	**33,933**	37,889	**306,503**
Interest expenses-cash basis	**(725)**	(1,037)	**(6,548)**
Other-net	**(10,950)**	25,051	**(98,907)**
Total adjustments	**335,197**	104,433	**3,027,703**
Net cash provided by (used in) operating activities	**341,521**	112,975	**3,084,825**
INVESTING ACTIVITIES:			
Purchases of investment securities	**(473,576)**	(304,952)	**(4,277,626)**
Proceeds from sales of investment securities	**121,993**	134,787	**1,101,914**
Proceeds from maturities of investment securities	**189,559**	172,121	**1,712,212**
Payments for increase in money held in trust	**(3,060)**	(97)	**(27,639)**
Proceeds from decrease in money held in trust	**994**		**8,978**
Purchases of premises and equipment	**(1,819)**	(1,281)	**(16,430)**
Purchases of intangible assets	**(244)**	(425)	**(2,203)**
Proceeds from sales of premises and equipment	**510**	691	**4,606**
Payments for asset retirement obligations	**(20)**		**(180)**
Net cash provided by (used in) investing activities	**(165,663)**	842	**(1,496,368)**
FINANCING ACTIVITIES:			
Redemptions of bonds with subscription rights to shares		(10,956)	
Dividends paid	**(1,259)**	(1,257)	**(11,372)**
Repayment of lease obligations	**(15)**	(14)	**(135)**
Purchases of treasury stock	**(3)**	(2)	**(27)**
Proceeds from sales of treasury stock	**21**	40	**189**
Net cash provided by (used in) financing activities	**(1,256)**	(12,190)	**(11,344)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(12)**	(19)	**(108)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**174,589**	101,608	**1,576,993**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**331,493**	229,885	**2,994,246**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 19)	**¥ 506,083**	¥ 331,493	**$ 4,571,249**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

THE OITA BANK, LTD. and Consolidated Subsidiaries
Year Ended March 31, 2021

1 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. Amounts of less than one million yen have been omitted in the accompanying consolidated financial statements as permitted by the Japanese Financial Instruments and Exchange Act. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.71 to $1, the approximate rate of exchange at March 31, 2021. Such translations should not be construed as representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation*** - The consolidated financial statements include the accounts of the Bank and its eight significant subsidiaries (together, "the Companies"). The fiscal periods of all consolidated subsidiaries end on March 31.

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

Investments in the remaining unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

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

b. ***Cash and Cash Equivalents*** - For the purpose of reporting cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

c. ***Trading Account Securities*** - Trading account securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings. The cost of trading account securities sold is determined by the moving-average method.

d. ***Investment Securities and Money Held in Trust*** - All applicable securities are classified and accounted for, depending on management's intent, as follows: (i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost, and (ii) available-for-sale securities, which are not classified as either of trading account securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of available-for-sale securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale securities are stated at cost or amortized cost determined by the moving-average method.

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

Securities managed through money held in trust accounts are reported at fair value and the related unrealized gains and losses are included in earnings.

e. ***Premises and Equipment*** - Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment is principally computed using the declining-balance method over the estimated useful lives of the assets and depreciation of leased premises and equipment is provided on the straight-line method over the lease periods.

f. ***Software*** - Cost of computer software obtained for internal use is amortized using the straight-line method over the estimated useful lives of five years.

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

h. ***Land Revaluation*** - Under the "Law of Land Revaluation," the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

As of March 31, 2021 and 2020, the carrying amount of the land after the above one-time revaluation exceeded the market value by ¥9,192 million ($83,027 thousand) and ¥10,051 million, respectively.

i. ***Foreign Currency Items*** - All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rates at each balance sheet date.

j. ***Reserve for Loan Losses*** - The Bank determines the amount of the reserve for loan losses by means of management's judgment and assessment of future losses based on the self-assessment system. This system reflects past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, and other pertinent indicators.

The Bank implemented the self-assessment system for its asset quality. The quality of all loans are assessed by branches and the credit supervisory division with a subsequent audit by the Bank's asset review and inspection division in accordance with the Bank's policy and rules for self-assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes such as "normal," "caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

Reserve for loan losses is calculated based on the actual past loss ratio for normal and caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including value of future cash flows for other self-assessment categories. For loans classified as possible bankruptcy, the reserve for loan losses is provided for in an amount deemed necessary to cover possible loan losses considering the customer's solvency and other factors, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted. For loans classified as virtual bankruptcy or legal bankruptcy, the reserve for loan losses is provided for based upon the loan amount, after the estimated fair value of the collateral real estate or guaranteed amount has been deducted.

In addition, for loans which are mainly classified into possible bankruptcy and restructured loans as defined in Note 6 below, if the exposure to an obligor exceeds a certain specific amount and if future cash flows of the principal and interest can be reasonably estimated, the discounted cash flow method is used to calculate the reserve for loan losses, under which method the reserve is determined as the difference between the book value of the loan and the present value of future cash flows discounted using the contractual interest rate before the loan is classified as one of the above loans.

The consolidated subsidiaries determine the amount of the reserve for loan losses by a comparable self-assessment system as the Bank.

k. ***Retirement and Pension Plans*** - The Bank has contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. Consolidated subsidiaries have unfunded retirement benefit plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

Retirement allowances for directors of consolidated subsidiaries are recorded as a liability at the amount that would be required if all directors retired at the balance sheet date.

l. ***Stock Options*** - Under Accounting Standards Board of Japan ("ASBJ") Statement No. 8, "Accounting Standard for Share-based Payment," requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock options or the goods or services received. In the balance sheet, stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions.

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

n. ***Reserve for Reimbursement of Deposits*** - Reserve for reimbursement of deposits is provided for the deposits derecognized from the liabilities at the estimated amount of future claims for withdrawal.

o. ***Leases*** - As Lessor, lease revenue is recognized at the date of each lease payment according to the lease contracts. As Lessee, all finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet.

p. ***Derivatives and Method of Hedge Accounting*** - The Bank's policy is to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risks associated with its assets and liabilities. The Bank also utilizes derivatives as a part of its trading activities. Consolidated subsidiaries do not utilize any derivatives.

The Bank enters into interest rate swaps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps, futures and options to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

The Bank applies deferred hedge accounting, which is stipulated in the "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry" (the Japanese Institute of Certified Public Accountants (the "JICPA") Industry Committee Practice Guidance No. 24), to the interest risk caused by its financial assets and liabilities.

In evaluating the effectiveness of a hedge, the hedged item, such as loans, and the hedge instruments, such as interest rate swaps, are specified and evaluated regarding the hedging approach. Effectiveness of the hedging approach is evaluated by verifying the correlation of the interest fluctuation factor of the hedged item and the hedge instruments.

q. ***Per Share Information*** - Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period. The average number of common shares used in the computation was 15,744 thousand shares and 15,738 thousand shares for the years ended March 31, 2021 and 2020, respectively.

Diluted net income per share reflects the potential dilution that could occur if the outstanding stock options and convertible bonds were exercised. Diluted net income per share assumes full exercise of the outstanding stock options and convertible bonds at the beginning of the year (or at the time of grant).

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

r. ***New Accounting Pronouncements*** - On JJuly 4, 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance. The ASBJ developed the accounting standard in order to enhance comparability of financial statements among domestic and overseas companies. The sections which adopted the accounting standard and implementation guidance are as follows: (1) Financial Instruments defined by "Accounting Standard for Financial Instruments" and (2) Measurement method of Inventories held for trading purposes defined by "Accounting Standard for Measurement of Inventories". The accounting standards are effective for the annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2020, or annual periods ending on or after March 31, 2020. The Companies expect to apply the accounting standard and guidance for annual periods beginning on or after April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

s. ***Changes In Presentation*** - ASBJ Statement No. 31, "Accounting Standard for Disclosure of Accounting Estimates," has been applied as of the consolidated financial statements for the end of the covered consolidated fiscal year, and notes pertaining to the significant accounting estimates have been listed in the consolidated financial statements.

However, in accordance with the transitional treatment prescribed in the provisory clause of No. 11 in the applicable accounting standard, these notes do not describe the contents related to the previous consolidated fiscal year.

3 SIGNIFICANT ACCOUNTING ESTIMATE

Item for which the amount was recorded in the consolidated financial statements for the covered consolidated fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year, was as follows:

Reserve for loan losses

(1) Carrying amount

	Millions of Yen	Thousands of U.S. Dollars
	2021	2021
Reserve for loan losses	**¥28,945**	**$261,448**

(2) Information on the significant accounting estimate

(a) Calculation method

Debtor categories are determined based on the debtor's financial position and results of operations, as well as its future business plans, and the reserve for loan losses is recorded according to these debtor categories.

The specific method of calculating the reserve for loan losses for each debtor category is disclosed in Note 2. j, Summary of Significant Accounting Policies – Reserve for Loan Losses.

(b) Significant assumptions

The significant assumptions are the assessment of the reasonableness of the debtors' future business plans, which are used as the basis for determining the debtor categories. In assessing the reasonableness of business plans, considers the achievability of the plans.

Furthermore, concerning the impact of the pandemic of COVID-19 on the economy: as of the end of the covered consolidated fiscal year, there is no outlook for the end of the pandemic, and the Bank assumes that it will continue into the next consolidated fiscal year and beyond. Under these circumstances, determines the debtor categories in consideration of the information affecting the estimate that is currently available.

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

If there are changes in the assumptions based on information such as the debtor categories, the status of the pandemic of COVID-19, and its impact on the economy, the balance of the reserve for loan losses may fluctuate, which may have an impact on profit or loss.

4 TRADING ACCOUNT SECURITIES AND INVESTMENT SECURITIES

There were no trading account securities as of March 31, 2021 and 2020.

Investment securities at March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Japanese government bonds	**¥ 172,152**	¥ 138,519	**$ 1,554,981**
Local government bonds	**265,529**	228,866	**2,398,419**
Debentures	**317,363**	315,423	**2,866,615**
Equity securities	**67,417**	54,240	**608,951**
Other securities	**447,479**	358,261	**4,041,902**
Total	**¥1,269,941**	¥1,095,311	**$11,470,878**

The costs and aggregate fair value of securities at March 31, 2021 and 2020, were as shown in the table below.

	Millions of Yen			
March 31, 2021	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥ 41,872**	**¥24,097**	**¥ 714**	**¥ 65,255**
Debt securities	**714,040**	**3,367**	**3,052**	**714,356**
Other	**435,462**	**8,992**	**7,482**	**436,971**
Held-to-maturity:				
Debt securities	**40,688**	**5**	**12**	**40,681**

	Millions of Yen			
March 31, 2020	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 41,975	¥12,573	¥2,475	¥ 52,074
Debt securities	679,186	4,798	1,276	682,709
Other	346,685	8,422	6,468	348,640
Held-to-maturity:				
Debt securities	99	0		100

	Thousands of U.S. Dollars			
March 31, 2021	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$ 378,213**	**$217,658**	**$ 6,449**	**$ 589,422**
Debt securities	**6,449,643**	**30,412**	**27,567**	**6,452,497**
Other	**3,933,357**	**81,221**	**67,581**	**3,946,987**
Held-to-maturity:				
Debt securities	**367,518**	**45**	**108**	**367,455**

Securities lending based on noncollateralized contracts were included in investment securities and amounted to ¥19,507 million ($176,199 thousand) and ¥20,258 million at March 31, 2021 and 2020, respectively.

The information related to available-for-sale securities which were sold during the years ended March 31, 2021 and 2020, was as follows:

	Millions of Yen		
March 31, 2021	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	**¥ 22,197**	**¥3,947**	**¥ 960**
Debt securities	**19,773**	**150**	
Other	**75,430**	**1,341**	**5,466**
Total	**¥117,401**	**¥5,438**	**¥6,426**

	Millions of Yen		
March 31, 2020	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 18,240	¥2,176	¥ 679
Debt securities	64,089	937	18
Other	51,611	2,007	3,363
Total	¥133,941	¥5,121	¥4,061

	Thousands of U.S. Dollars		
March 31, 2021	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	**$ 200,496**	**$35,651**	**$ 8,671**
Debt securities	**178,601**	**1,354**	
Other	**681,329**	**12,112**	**49,372**
Total	**$1,060,437**	**$49,119**	**$58,043**

Impairment losses on available-for-sale securities for the year ended March 31, 2021, were not recognized. Impairment losses available-for-sale securities for the year ended March 31, 2020, were ¥1,383 million.

Net unrealized gain (loss) on available-for-sale securities for the years ended March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Valuation differences:			
Available-for-sale securities	¥25,208	¥15,575	$227,693
Deferred tax liabilities	(7,087)	(4,651)	(64,014)
Noncontrolling interests	(28)	(24)	(252)
Net unrealized gain (loss) on available-for-sale securities	¥18,093	¥10,899	$163,426

5 MONEY HELD IN TRUST

The carrying amounts and unrealized gains (losses) of money held in trust, as of March 31, 2021 and 2020, were as follows:

Money held in trust held for trading

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Carrying amounts	¥19,946	¥17,939	$180,164
Unrealized gains (losses) credited to income		27	

6 LOANS AND BILLS DISCOUNTED

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Bills discounted	¥ 4,471	¥ 6,076	$ 40,384
Loans on notes	64,431	79,427	581,979
Loans on deeds	1,687,968	1,586,728	15,246,752
Overdrafts	150,010	160,453	1,354,981
Total	¥1,906,882	¥1,832,686	$17,224,117

Bills discounted are accounted for as financial transactions in accordance with the JICPA Industry Committee Practice Guidance No. 24. The Bank has rights to sell or pledge these bills discounted. The total of the face value of bills discounted was ¥4,471 million ($40,384 thousand) and ¥6,081 million at March 31, 2021 and 2020, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Loans to obligors in bankruptcy	¥ 1,861	¥ 1,871	$ 16,809
Past due loans	43,793	40,552	395,564
Restructured loans	511	776	4,615
Total	¥46,166	¥43,199	$416,999

Loans to obligors in bankruptcy represent nonaccrual loans to debtors who are legally bankrupt, which are defined in the Enforcement Ordinance for the Corporation Tax Law.

Past due loans are nonaccrual loans, which include loans classified as “possible bankruptcy” and “virtual bankruptcy.”

Nonaccrual loans are defined as loans (after the partial charge-off of claims deemed uncollectible) in which the Companies discontinue the accruing of interest income when substantial doubt is judged to exist as to the ultimate collectability of either principal or interest if they are past due for a certain period or for other reasons.

Accruing loans contractually past due three months or more are loans in which the principal or interest is three months or more past due. The Companies do not have any such loans and bills discounted.

Restructured loans, designed to assist in the recovery of the financial soundness of debtors, are loans on which the Companies granted concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, reduction of the face amount). Loans classified as nonaccrual loans or accruing loans contractually past due three months or more are excluded.

7 PREMISES AND EQUIPMENT

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Buildings	¥ 5,236	¥ 5,327	$ 47,294
Land	20,530	21,048	185,439
Leased assets	25	20	225
Construction in progress	16	10	144
Other	4,650	4,256	42,001
Total	¥30,459	¥30,664	$275,124

Accumulated depreciation at March 31, 2021 and 2020, amounted to ¥37,459 million ($338,352 thousand) and ¥37,867 million, respectively.

As of March 31, 2021 and 2020, deferred gains for tax purposes of ¥1,660 million ($14,994 thousand) and ¥1,673 million on premises and equipment sold and replaced with similar assets have been deducted from the cost of newly-acquired premises and equipment.

The Companies review their long-lived assets for impairment continuously. As of March 31, 2021 and 2020, the Bank recognized impairment losses of ¥454 million ($4,100 thousand) and ¥811 million as other expense for certain branches, idle fixed assets and assets held for sale due to the carrying amounts of the assets exceeding their recoverable amounts. As a result, the carrying amounts of the relevant assets were written down to the recoverable amount. The recoverable amount is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition. The discount rate used for computation of the present value of future cash flows ranged from 6.5% to 8.3% at March 31, 2021 and was 5.9% at March 31, 2020.

The Companies principally group operating assets by branch office, which is the minimum unit for management accounting. Idle fixed assets fixed assets and assets held for sale are individually assessed for impairment.

The recoverable amount of operating assets, idle fixed assets and assets held for sale are measured at their net selling price determined by quotations from third-party vendors.

8 INTANGIBLE ASSETS

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Software	¥ 970	¥1,176	$8,761
Other	113	114	1,020
Total	¥1,084	¥1,291	$9,791

9 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 asset side representing the Bank’s right of indemnity from the applicants.

10 ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities at March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Assets pledged as collateral:			
Investment securities	**¥317,119**	¥173,819	**$2,864,411**
Relevant liabilities to above assets:			
Deposits	**16,043**	13,088	**144,910**
Payables under repurchase agreements		18,773	
Payables under securities lending transactions	**19,142**	8,517	**172,902**
Borrowed money	**224,000**	92,883	**2,023,304**

In addition, investment securities and others totaling ¥32,558 million ($294,083 thousand) and ¥31,415 million were pledged as collateral or security deposits for exchange settlement and futures contracts at March 31, 2021 and 2020, respectively.

Guarantee deposits on office space amounting to ¥363 million ($3,278 thousand) and ¥354 million were included in other assets at March 31, 2021 and 2020, respectively.

11 LOAN COMMITMENTS

Contracts of overdraft facilities and loan commitment limits are contracts where the Companies lend to customers up to the prescribed limits in response to customers' applications for loans as long as there is no violation of any conditions in the contracts. The unused amounts within the limits totaled ¥627,438 million ($5,667,401 thousand) at March 31, 2021, and ¥638,966 million at March 31, 2020, for these contracts. Of the above, the amounts for which the original agreement period was within a year or agreements which the Companies could cancel at any time without penalty totaled ¥620,400 million ($5,603,829 thousand) at March 31, 2021, and ¥633,150 million at March 31, 2020.

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

12 DEPOSITS

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Current deposits	**¥ 134,607**	¥ 111,084	**$ 1,215,852**
Ordinary deposits	**2,125,244**	1,860,740	**19,196,495**
Savings at notice	**24,943**	24,382	**225,300**
Deposits at notice	**5,640**	5,177	**50,943**
Time deposits	**857,207**	866,020	**7,742,814**
Installment savings	**9,541**	9,709	**86,180**
Negotiable certificates of deposit	**99,082**	101,146	**894,968**
Other deposits	**38,622**	33,974	**348,857**
Total	**¥3,294,890**	¥3,012,235	**$29,761,448**

13 BORROWED MONEY

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Borrowings from other financial institutions	**¥229,804**	¥99,716	**$2,075,729**
Total	**¥229,804**	¥99,716	**$2,075,729**

The weighted average interest rates of borrowings from other financial institutions were 0.00% and 0.05% at March 31, 2021 and 2020, respectively.

Annual maturities of long-term debt as of March 31, 2021, for the next five years and thereafter were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2022	¥ 93,285	$ 842,606
2023	61,558	556,029
2024	23,151	209,113
2025	51,605	466,127
2026	202	1,824
2027 and thereafter		
Total	¥229,804	$2,075,729

Please see Note 10 for assets pledged as collateral and their relevant borrowed money.

14 RETIREMENT AND PENSION PLANS

Consolidated subsidiaries have severance payment plans for employees, directors and Audit & Supervisory Board members. The Bank terminated its retirement benefits plan for directors and Audit & Supervisory Board members at the Bank's general shareholders meeting held on June 26, 2012.

Under most circumstances, employees whose service with the Companies is terminated are entitled to retirement and pension benefits determined by reference to base rates of pay at the time of termination, length of service and conditions under which the termination occurs. If the termination is involuntary, caused by retirement at the mandatory retirement age or caused by death, the employee is entitled to greater payment than in the case of voluntary termination.

The liability for retirement benefits for directors of consolidated subsidiaries is ¥27 million ($243 thousand) and ¥23 million at March 31, 2021 and 2020, respectively.

(1) The changes in defined benefit obligation for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Balance at beginning of year	**¥32,790**	¥33,163	**$296,179**
Current service cost	**994**	1,067	**8,978**
Interest cost	**195**	197	**1,761**
Actuarial (gains) losses	**816**	141	**7,370**
Benefits paid	**(1,631)**	(1,779)	**(14,732)**
Balance at end of year	**¥33,165**	¥32,790	**$299,566**

(2) The changes in plan assets for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Balance at beginning of year	**¥33,135**	¥36,453	**$299,295**
Expected return on plan assets	**462**	621	**4,173**
Actuarial gains (losses)	**5,203**	(3,099)	**46,996**
Benefits paid	**(872)**	(840)	**(7,876)**
Balance at end of year	**¥37,928**	¥33,135	**$342,588**

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Funded defined benefit obligation	¥ 32,911	¥ 32,547	$ 297,272
Plan assets	(37,928)	(33,135)	(342,588)
Total	(5,016)	(587)	(45,307)
Unfunded defined benefit obligation	253	242	2,285
Net liability (asset) arising from defined benefit obligation	¥ (4,763)	¥ (344)	$ (43,022)

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Liability for retirement benefits	¥ 6,725	¥ 7,023	$ 60,744
Asset for retirement benefits	(11,488)	(7,368)	(103,7661)
Net liability (asset) arising from defined benefit obligation	¥ (4,763)	¥ (344)	$ (43,022)

(4) The components of net periodic benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Service cost	¥ 994	¥1,067	$ 8,978
Interest cost	195	197	1,761
Expected return on plan assets	(462)	(621)	(4,173)
Recognized actuarial (gains) losses	658	200	5,943
Net periodic benefit costs	¥1,386	¥ 843	$12,519

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2021 and 2020

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Actuarial (gains) losses	¥5,045	¥(3,040)	$45,569
Total	¥5,045	¥(3,040)	$45,569

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2021 and 2020

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrecognized actuarial (gains) losses	¥(1,474)	¥3,571	$(13,314)
Total	¥(1,474)	¥3,571	$(13,314)

(7) Plan assets

a. Components of plan assets

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

	2021	2020
Debt investments	14%	16%
Equity investments	43	35
Cash and cash equivalents	0	1
Others	43	48
Total	100%	100%

b. 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.

(8) Assumptions used for the years ended March 31, 2021 and 2020, were set forth as follows:

	2021	2020
Discount rate	0.6%	0.6%
Expected rate of return on plan assets	1.8	2.4
Expected rate of salary increases	6.7	6.7

15 EQUITY

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

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the 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 Audit & Supervisory Board members, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year 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. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semi-annual 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 and the Banking Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

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

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 100% of the common stock. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

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

16 STOCK OPTIONS

The stock options outstanding as of March 31, 2021, were as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2012 Stock Option	9 directors (excluding outside directors) of the Bank	17,970 shares	August 6, 2012	¥1 ($0.01)	From August 7, 2012 to August 6, 2042
2013 Stock Option	10 directors (excluding outside directors) of the Bank	14,480 shares	August 19, 2013	¥1 ($0.01)	From August 20, 2013 to August 19, 2043
2014 Stock Option	8 directors (excluding non-permanent directors) and 8 executive officers of the Bank	16,210 shares	August 18, 2014	¥1 ($0.01)	From August 19, 2014 to August 18, 2044
2015 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	10,670 shares	August 17, 2015	¥1 ($0.01)	From August 18, 2015 to August 17, 2045
2016 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	18,300 shares	August 22, 2016	¥1 ($0.01)	From August 23, 2016 to August 22, 2046
2017 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	12,100 shares	August 28, 2017	¥1 ($0.01)	From August 29, 2017 to August 28, 2047
2018 Stock Option	7 directors (excluding non-permanent directors) and 7 executive officers of the Bank	14,380 shares	August 27, 2018	¥1 ($0.01)	From August 28, 2018 to August 27, 2048
2019 Stock Option	6 directors (excluding non-permanent directors) and 6 executive officers of the Bank	15,350 shares	August 26, 2019	¥1 ($0.01)	From August 27, 2019 to August 26, 2049
2020 Stock Option	6 directors (excluding non-permanent directors) and 8 executive officers of the Bank	23,610 shares	August 24, 2020	¥1 ($0.01)	From August 25, 2020 to August 24, 2050

The stock option activity during the year ended March 31, 2021, was as follows:

Year Ended March 31, 2021	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option
	(Shares)	(Shares)	(Shares)	(Shares)	(Shares)
Non-vested					
March 31, 2020- Outstanding	3,000	3,720	6,160	6,560	13,130
Granted					
Canceled					
Vested			770	670	1,420
March 31, 2021- Outstanding	3,000	3,720	5,390	5,890	11,710
Vested					
March 31, 2020- Outstanding					
Vested			770	670	1,420
Exercised			770	670	1,420
Canceled					
March 31, 2021- Outstanding					
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at exercise			¥2,422	¥2,422	¥2,422
Fair value price at grant date	¥2,150	¥2,790	¥3,590	¥5,210	¥2,950

Year Ended March 31, 2021	2017 Stock Option	2018 Stock Option	2019 Stock Option	2020 Stock Option
	(Shares)	(Shares)	(Shares)	(Shares)
Non-vested				
March 31, 2020- Outstanding	10,010	11,900	15,350	
Granted				23,610
Canceled				
Vested	930	1,100	1,320	
March 31, 2021- Outstanding	9,080	10,800	14,030	23,610
Vested				
March 31, 2020- Outstanding				
Vested	930	1,100	1,320	
Exercised	930	1,100	1,320	
Canceled				
March 31, 2021- Outstanding				
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at exercise	¥2,422	¥2,422	¥2,422	
Fair value price at grant date	¥3,910	¥3,632	¥2,819	¥2,143

Shares and per share figures have been restated, as appropriate, to reflect a one-for-ten stock consolidation exercised on October 1, 2017.

The Assumptions Used to Measure the Fair Value of the 2020 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	33.2%
Estimated remaining outstanding period:	Three years and four months
Estimated dividend:	¥80 per share
Risk free interest rate:	(0.11)%

17 INCOME TAXES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.5% for the years ended March 31, 2021 and 2020.

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

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Deferred tax assets:			
Reserve for loan losses	**¥ 8,817**	¥ 7,809	**$ 79,640**
Liability for employees' retirement benefits	**1,699**	3,045	**15,346**
Depreciation	**1,854**	1,862	**16,746**
Other	**3,760**	4,178	**33,962**
Less valuation allowance	**(7,093)**	(6,374)	**(64,068)**
Total	**9,038**	10,521	**81,636**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(7,087)**	(4,651)	**(64,014)**
Unrealized gain on employees' retirement benefit trust	**(1,448)**	(1,448)	**(13,079)**
Other	**(274)**	(57)	**(2,474)**
Total	**(8,809)**	(6,157)	**(79,568)**
Net deferred tax assets (liability)	**¥ 228**	¥ 4,363	**$ 2,059**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2021, with the corresponding figures for 2020 was as follows:

	2021	2020
Normal effective statutory tax rate	**30.5%**	30.5%
Expenses not deductible for income tax purposes	**0.8**	0.7
Income not taxable for income tax purposes	**(2.1)**	(1.4)
Valuation allowance	**11.4**	14.0
Other-net	**2.2**	(3.3)
Actual effective tax rate	**42.8%**	40.5%

18 OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Unrealized gain (loss) on available-for- sale securities:			
Gains (losses) arising during the year	**¥ 8,358**	¥(22,241)	**$ 75,494**
Reclassification adjustments to profit or loss	**1,275**	888	**11,516**
Amount before income tax effect	**9,633**	(21,353)	**87,011**
Income tax effect	**(2,435)**	6,298	**(21,994)**
Total	**¥ 7,198**	¥(15,054)	**$ 65,016**
Deferred gain (loss) on derivatives under hedge accounting:			
Gains (losses) arising during the year	**¥ 1,512**	¥ (63)	**$ 13,657**
Reclassification adjustments to profit or loss	**18**	(26)	**162**
Amount before income tax effect	**1,531**	(90)	**13,828**
Income tax effect	**(466)**	27	**(4,209)**
Total	**¥ 1,064**	¥ (62)	**$ 9,610**
Defined retirement benefit plans:			
Adjustments arising during the year	**¥ 4,387**	¥ (3,240)	**$ 39,626**
Reclassification adjustments to profit or loss	**658**	200	**5,943**
Amount before income tax effect	**5,045**	(3,040)	**45,569**
Income tax effect	**(1,537)**	926	**(13,883)**
Total	**¥ 3,508**	¥ (2,114)	**$ 31,686**
Total other comprehensive income (loss)	**¥11,772**	¥(17,232)	**$106,331**

19 CASH AND CASH EQUIVALENTS

The reconciliation of cash and due from banks in the consolidated balance sheet to cash and cash equivalents at March 31, 2021 and 2020, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Cash and due from banks	**¥512,688**	¥337,044	**$4,630,909**
Less deposits in other banks except for the Bank of Japan	**(6,605)**	(5,550)	**(59,660)**
Cash and cash equivalents, end of year	**¥506,083**	¥331,493	**$4,571,249**

20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Bank Policy for Financial Instruments

The Bank's operations mainly include accepting deposits, providing loans, discounting bills, and buying and selling marketable securities and other financial instruments. Through these activities, the Bank holds substantial financial assets and financial liabilities that are subject to fluctuations in interest rates. To protect itself from the negative effects of interest rate fluctuations, the Bank conducts derivative transactions as part of its asset and liability management (ALM) activities.

In addition, the consolidated subsidiaries that engage in leasing and credit card businesses handle financial instruments as their principal business.

(2) Nature and Extent of Risks Arising from Financial Instruments

Of the principal financial assets held by the Companies, loans are subject to credit risk, or default on the part of the customer. The Companies hold trading account securities and investment securities, for holding to maturity and for purely trading purposes, as well as to promote business activities. These securities are subject to issuer credit risk, interest rate fluctuation risk and market price fluctuation risk.

Of financial liabilities, deposits and borrowed money are subject to liquidity risk, or the possibility that the Companies may become unable to meet payment obligations when due in the event that they become unable to utilize markets in certain circumstances.

Among derivative transactions, the Bank employs interest rate swap transactions to hedge risk using ALM. To offset the risk of interest rate increases, the Bank employs variable receipt/fixed payment and fired receipt/variable payment interest rate swap transactions on loans bearing long-term, fixed rates of interest, and securities.

With respect to currencies, the Bank employs currency swap transactions, forward exchange contracts and coupon swap transactions, primarily to hedge the exchange rate fluctuation risks on foreign currency assets and liabilities.

The Bank engages in bond futures transactions, mainly as part of its dealing operations. With regard to the methods of hedge accounting for interest risks on financial assets and liabilities, the Bank employs deferred hedge accounting as provided in the JICPA Industry Committee Practice Guidance No. 24. To evaluate hedging effectiveness, for hedges designed to offset market fluctuations, the Bank performs specified evaluations of hedged loans at individual hedge stages grouped by (remaining) term.

The consolidated subsidiaries do not conduct derivative transactions.

(3) Risk Management for Financial Instruments

Credit risk management

The Bank has in place various provisions, including a Credit Risk Management Policy and Credit Risk Management Provisions. These provisions, which extend beyond lending activities and include market transactions and off-balance-sheet assets, are in place to manage credit risks related to all manners of banking operations. For each activity, the Bank conducts credit screenings, manages credit limits, manages credit information and employs an internal rating system. The Bank also has in place a credit management system to support management improvements and handle loans that have become delinquent or present collection difficulties. The consolidated subsidiaries also have in place various credit risk management and other provisions. They act in accordance with these provisions to manage credit risks appropriately.

To manage these credit risks, the Companies have established credit risk management divisions, including screening divisions, credit management divisions and problem loan management divisions. The Bank's Risk Management Division takes overall responsibility for credit risk management, including the status of credit risk and accompanying problems.

With regard to credit screening, the Bank's Audit Division checks the Bank's Risk Management Division and each risk management division to ascertain the appropriateness of credit risk management.

Market risk management

The Bank has in place a system for managing market risk. All items that require market risk management, including deposit and loan transactions, market transactions and off-balance-sheet transactions, are managed in accordance with the Bank's Market Risk Management Policy and Market Risk Management Provisions. The ALM divisions manage market risk related to deposits and loans, while market-related divisions mainly manage market risk related to market transactions. The Bank's Risk Management Division provides comprehensive reports to the Risk Management Committee indicating risk amounts, stress test results and other information. Market Risk Management Policy and Provisions are also in place at consolidated subsidiaries, in line with each company's risk profile. In this manner, systems are in place to ensure the appropriate management of market risk.

The market risk management divisions of the Companies manage market risks in this way and the Bank's Risk Management Division serves as the central division for the management of market risk and addressing related problems.

With regard to audits of market risk management, the Bank's Audit Division checks the Bank's Risk Management Division and each market risk management division to ascertain the appropriateness of market risk management.

(Quantitative information concerning market risks)

Major financial instruments held by the Bank, which are subject to the primary risk parameters such as interest rate risk and price fluctuation risk, are loans, securities (held-to-maturity debt securities and other securities), deposits and negotiable certificates of deposit, and interest rate swap transactions in derivative transactions.

For these financial assets and financial liabilities, the Bank estimates the amount of loss that they will have after specific periods of time by using a statistical method and assumes it as the market risk quantities. Also, the Bank employs it as a quantitative analysis to manage the risk of interest rate and price fluctuation. Value at Risk (VaR) is used to calculate the impact amount.

A historical simulation model has been adopted for the current fiscal year to measure VaR. The conditions are an observation period of 1,250 business days, a confidence interval of 99%, and a holding period of 60 business days (125 business days for strategic holdings).

As of March 31, 2021, the Bank's market risk (estimated loss value) on major financial instruments was ¥22,075 million ($199,394 thousand). Of this amount, ¥17,019 million ($153,725 thousand) was attributable to securities and ¥5,056 million ($45,668 thousand) was attributable to instruments other than securities, such as deposits and loans.

The Bank also conducts back-testing, by comparing the VaR calculated using this model with actual profits or losses. During the consolidated fiscal year under review, back-testing demonstrated that its approximation model was sufficiently precise to capture market risk.

However, it is important to recognize that VaR estimation is a calculation based on a statistical process, and that results may differ depending on the preconditions and calculation methods used. Further, this process does not forecast maximum losses, and future market conditions may differ substantially from past conditions.

Furthermore, quantitative analysis is not applied to certain financial instruments whose impact is immaterial or those held by consolidated subsidiaries.

Liquidity risk management

The Bank manages liquidity risk in accordance with its Liquidity Risk Management Policy and Liquidity Risk Management Provisions. The Market Financing Division manages cash on a daily basis, and the Bank's Risk Management Division, which serves as the management division, monitors this risk, providing comprehensive reports to the Risk Management Committee including the status of risks, the status of assets available for payment, the results of stress tests and other information.

With regard to audits of liquidity risk management, the Bank's Audit Division checks the Bank's Risk Management Division and each liquidity risk management division to ascertain the appropriateness of liquidity risk management.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead. Please see Note 21 for the details of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2021	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and due from banks	¥ 512,688	¥ 512,688	
Investment securities:			
Held-to-maturity securities	40,688	40,681	¥ (6)
Available-for-sale securities	1,216,583	1,216,583	
Loans and bills discounted	1,906,882		
Reserve for loan losses (*1)	(24,707)		
	1,882,174	1,891,583	9,408
Total	¥3,652,135	¥3,661,537	¥9,401
Deposits	¥3,294,890	¥3,295,070	¥ 179
Borrowed money	229,804	229,790	(13)
Total	¥3,524,694	¥3,524,861	¥ 166
Derivative instruments (*2):			
Hedge accounting is not applied	¥ (4,774)	¥ (4,774)	
Hedge accounting is applied	1,335	1,335	
Total	¥ (3,438)	¥ (3,438)	

	Millions of Yen		
March 31, 2020	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and due from banks	¥ 337,044	¥ 337,044	
Investment securities:			
Held-to-maturity securities	99	100	¥ 0
Available-for-sale securities	1,083,423	1,083,423	
Loans and bills discounted	1,832,686		
Reserve for loan losses (*1)	(21,777)		
	1,810,908	1,825,399	14,490
Total	¥3,231,476	¥3,245,967	¥14,491
Deposits	¥3,012,235	¥3,012,370	¥ 135
Borrowed money	99,716	99,701	(14)
Total	¥3,111,951	¥3,112,072	¥ 120
Derivative instruments (*2):			
Hedge accounting is not applied	¥ 2,979	¥ 2,979	
Hedge accounting is applied	(26)	(26)	
Total	¥ 2,953	¥ 2,953	

	Thousands of U.S. Dollars		
March 31, 2021	Carrying Amount	Fair Value	Unrealized Gain (Loss)
Cash and due from banks	$ 4,630,909	$ 4,630,909	
Investment securities:			
Held-to-maturity securities	367,518	367,455	$ (54)
Available-for-sale securities	10,988,916	10,988,916	
Loans and bills discounted	17,224,117		
Reserve for loan losses (*1)	(223,168)		
	17,000,939	17,085,927	84,978
Total	$32,988,302	$33,073,227	$84,915
Deposits	$29,761,448	$29,763,074	$ 1,616
Borrowed money	2,075,729	2,075,602	(117)
Total	$31,837,178	$31,838,686	$ 1,499
Derivative instruments (*2):			
Hedge accounting is not applied	$ (43,121)	$ (43,121)	
Hedge accounting is applied	12,058	12,058	
Total	$ (31,054)	$ (31,054)	

(*1) Reserve for loan losses relevant to loans and bills discounted have been deducted.
(*2) Derivative instruments are disclosed in the net amount of assets and liabilities.

Cash and Due from Banks

With regard to amounts due from banks that have not matured and short-term due from banks, as these instruments are settled within a short term and their fair value and book value are nearly identical, their book value is assumed to be their fair value. Long-term due from banks with maturities are segmented according to deposit period, and fair value is calculated by discounting them to their present value, using an assumed rate of interest on new amounts due from banks of the same type.

Investment Securities

The fair value of equity securities is determined by their prices on stock exchanges. The fair value of bonds is determined by their prices on exchanges or at rates indicated by financial institutions handling these transactions for the Bank. The fair value of investment trusts is based on the base value publicly disclosed.

Privately placed bonds guaranteed by the Bank are segmented according to an internal rating and term, and fair value is determined by discounting the total amount of principal and interest by the assumed interest rate on new issue bonds of the same type.

For information pertaining to investment securities by holding purpose, please refer to Note 4.

Loans and Bills Discounted

As loans with floating rates of interest reflect market rates of interest in the short term, unless credit conditions of the lending entity have changed significantly after lending the loans, their fair value and book value are nearly identical, so their book value is assumed to be their fair value. Fixed-rate loans are segmented by loan type, internal rating and period, and their fair value is determined by discounting the total amount of principal and interest by the assumed interest rate on new lendings of the same type. However, for items with a short commitment term (within three months), as their fair value and book value are nearly identical, their book value is considered to approximate fair value.

The fair value of loans provided to entities that are classified as legal bankruptcy, virtual bankruptcy or possible bankruptcy are determined according to the current value of expected future cash flows or the amount of collateral that is expected to be recoverable or guarantee amounts that are determined to be recoverable. As these amounts are nearly identical to the book value after deducting the allowance for doubtful accounts, these amounts are assumed to be their fair value.

For loans that are fully secured by collateral and that have no specified repayment term, since, in terms of their expected repayment periods and interest conditions their fair value and book value are nearly identical, their book value is considered to approximate their fair value.

Deposits

For demand deposits, fair value is assumed to be the amount to be paid when demanded on the balance sheet date (i.e., the book value). The fair value of time deposits is determined by segmenting such deposits by term and discounting future cash flows to their current value. The discount rate used is the rate of interest on new deposits of the same type. As the term on the deposits are short-term in nature, book value approximates fair value, so their book value is assumed to be their fair value.

Borrowed Money

For borrowed money, interest rates on floating-rate borrowings reflect short-term market interest rates. The credit conditions of the Companies have not changed significantly since the time of borrowing, and as such, book value approximates fair value. So their book value is assumed to be their fair value. Such borrowings with fixed interest rates are segmented by term, the total amount of principal and interest on the borrowed money is divided by time period, and their present value is calculated by discounting according to the assumed interest rate. For items with a short commitment term (within three months), as their book value approximates fair value, their book value is assumed to be their fair value.

Derivatives

Fair value information for derivatives is included in Note 21.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Equity securities	**¥ 2,161**	¥ 2,166	**$ 19,519**
Other	**10,507**	9,620	**94,905**
Total	**¥12,668**	¥11,787	**$114,425**

(5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
March 31, 2021	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Due from banks	**¥ 478,838**			
Investment securities:				
Held-to-maturity securities		**¥ 40,000**	**¥ 55**	**¥ 500**
Available-for-sale securities	**168,644**	**439,843**	**249,596**	**251,105**
Loans and bills discounted (*1)	**468,970**	**596,272**	**350,753**	**456,482**
Total	**¥1,116,453**	**¥1,076,116**	**¥600,404**	**¥708,087**

	Millions of Yen			
March 31, 2020	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Due from banks	¥301,119			
Investment securities:				
Held-to-maturity securities	100			
Available-for-sale securities	97,833	¥ 495,941	¥206,926	¥202,684
Loans and bills discounted (*1)	478,715	569,032	332,272	419,482
Total	¥877,768	¥1,064,974	¥539,198	¥622,167

	Thousands of U.S. Dollars			
March 31, 2021	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Due from banks	**$ 4,325,155**			
Investment securities:				
Held-to-maturity securities		**$ 361,304**	**$ 496**	**$ 4,516**
Available-for-sale securities	**1,523,295**	**3,972,929**	**2,254,502**	**2,268,132**
Loans and bills discounted (*1)	**4,236,022**	**5,385,891**	**3,168,214**	**4,123,222**
Total	**$10,084,481**	**$9,720,133**	**$5,423,213**	**$6,395,872**

(*1) Excluded from the loan amount for the years ended March 31, 2021 and 2020, were ¥34,402 million ($310,739 thousand) and ¥33,183 million, respectively, in loans classified as "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy" on which the redemption amount cannot be forecasted.

(6) Maturity Analysis for Deposits with Contractual Maturities

	Millions of Yen			
March 31, 2021	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	**¥3,072,033**	**¥221,560**	**¥1,296**	

	Millions of Yen			
March 31, 2020	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	¥2,782,884	¥228,640	¥709	

	Thousands of U.S. Dollars			
March 31, 2021	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Deposits	**$27,748,468**	**$2,001,264**	**$11,706**	

Please see Note 13 for annual maturities of borrowed money.

21 DERIVATIVES

The Bank's policy is to use derivative financial instruments ("derivatives") primarily for the purpose of reducing market risk associated with its assets and liabilities.

The Bank enters into interest rate swaps as a means of hedging its interest rate risk on certain loans and investment securities. The Bank also enters into foreign exchange forward contracts and currency swaps to hedge exchange risk associated with its assets and liabilities denominated in foreign currencies.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations of market conditions, including interest and foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform under a contract. Because the counterparties to these derivatives are limited to major financial institutions and securities companies, the Bank does not anticipate material losses arising from credit risk.

Concerning risk management associated with derivative transactions, the front and back offices of the trading divisions (the Market Financing Division) are clearly separated, while the Asset and Liabilities Management Office synthetically manages the Bank's market risks. In this manner, an internal monitoring system is effectively secured. Derivative transactions entered into by the Bank have been made in accordance with internal policies, which regulate the trading activities, and credit risk management has formal risk limits and credit lines. The Bank's gains and losses on positions and other conditions are periodically reported to management.

Derivative Transactions to Which Hedge Accounting Is Not Applied

	Millions of Yen			
March 31, 2021	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency swaps	**¥108,495**	**¥55,355**	**¥ 81**	**¥ 81**
Coupon swaps	**88,355**	**82,306**	**181**	**181**
Foreign currency forward contracts:				
Selling	**97,753**	**1,000**	**(5,192)**	**(5,192)**
Buying	**3,296**	**1,000**	**155**	**155**

	Millions of Yen			
March 31, 2020	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency swaps	¥101,211	¥59,856	¥2,724	¥2,724
Coupon swaps	110,457	64,269	172	172
Foreign currency forward contracts:				
Selling	46,623	174	89	89
Buying	11,717	174	(7)	(7)

March 31, 2021	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain (Loss)
Currency swaps	$979,992	$500,000	$ 731	$ 731
Coupon swaps	798,076	743,437	1,634	1,634
Foreign currency forward contracts:				
Selling	882,964	9,032	(46,897)	(46,897)
Buying	29,771	9,032	1,400	1,400

Derivative Transactions to Which Hedge Accounting Is Applied

March 31, 2021	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps (floating rate payment, fixed rate receipt)	Loans and bills discounted	¥ 7,000	¥ 7,000	¥ 138
(fixed rate payment, floating rate receipt)	Available-for-sale securities (debt securities)	¥35,000	¥35,000	¥1,196

March 31, 2020	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps (floating rate payment, fixed rate receipt)	Loans and bills discounted	¥ 7,000	¥ 7,000	¥ 194
(fixed rate payment, floating rate receipt)	Available-for-sale securities (debt securities)	¥30,000	¥30,000	¥(221)

March 31, 2021	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Interest rate swaps (floating rate payment, fixed rate receipt)	Loans and bills discounted	$ 63,228	$ 63,228	$ 1,246
(fixed rate payment, floating rate receipt)	Available-for-sale securities (debt securities)	$316,141	$316,141	$10,802

The fair value of derivative transactions is calculated by discounting them to their present value.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Bank's exposure to credit or market risk.

22 SEGMENT INFORMATION

ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Companies' reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors is performed in order to decide how management resources are allocated and in assessing performance. The Companies concentrate on the banking business, and also conduct other financial services including the leasing and the credit card businesses. Therefore, the Companies' reportable segments consist of Banking and Lease.

(2) Methods of Measurement for the Amounts of Ordinary Income, Profit, Assets and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about Ordinary Income, Profit, Assets and Other Items

	Millions of Yen						
	2021						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	¥ 47,128	¥ 8,089	¥ 55,218	¥ 2,511	¥ 57,730	¥ (21)	¥ 57,709
Intersegment ordinary income	240	152	392	511	904	(904)	
Total	¥ 47,369	¥ 8,241	¥ 55,611	¥ 3,023	¥ 58,634	¥ (925)	¥ 57,709
Segment profit	¥ 5,578	¥ 351	¥ 5,930	¥ 848	¥ 6,779	¥ (11)	¥ 6,767
Segment assets	3,793,592	21,581	3,815,173	17,746	3,832,919	(19,250)	3,813,669
Other:							
Depreciation	1,718	95	1,813	65	1,879	(1)	1,878
Total interest income	32,842	12	32,855	1,010	33,865	(49)	33,816
Total interest expenses	527	55	583	5	588	(45)	542
Impairment losses of assets	454		454		454		454
Increase in premises and equipment and intangible assets	2,033	153	2,186	34	2,220	(0)	2,219

	Millions of Yen						
	2020						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	¥ 50,241	¥ 8,119	¥ 58,361	¥ 2,470	¥ 60,831	¥ (25)	¥ 60,805
Intersegment ordinary income	189	168	358	546	904	(904)	
Total	¥ 50,431	¥ 8,288	¥ 58,719	¥ 3,016	¥ 61,736	¥ (930)	¥ 60,805
Segment profit	¥ 8,208	¥ 379	¥ 8,588	¥ 754	¥ 9,342	¥ (11)	¥ 9,330
Segment assets	3,372,803	22,800	3,395,603	16,863	3,412,467	(19,451)	3,393,016
Other:							
Depreciation	1,783	89	1,873	64	1,937	(1)	1,935
Total interest income	36,421	13	36,434	1,005	37,440	(52)	37,387
Total interest expenses	953	58	1,012	5	1,017	(48)	968
Impairment losses of assets	811		811		811		811
Increase in premises and equipment and intangible assets	1,443	160	1,604	115	1,719	(1)	1,718

	Thousands of U.S. Dollars						
	2021						
	Reportable Segment						
	Banking	Leasing	Total	Other	Total	Reconciliations	Consolidated
Ordinary income:							
Ordinary income from external customers	$ 425,688	$ 73,064	$ 498,762	$ 22,680	$ 521,452	$ (189)	$ 521,262
Intersegment ordinary income	2,167	1,372	3,540	4,615	8,165	(8,165)	
Total	$ 427,865	$ 74,437	$ 502,312	$ 27,305	$ 529,617	$ (8,355)	$ 521,262
Segment profit	$ 50,383	$ 3,170	$ 53,563	$ 7,659	$ 61,232	$ (99)	$ 61,123
Segment assets	34,266,028	194,932	34,460,961	160,292	34,621,253	(173,877)	34,447,376
Other:							
Depreciation	15,518	858	16,376	587	16,972	(9)	16,963
Total interest income	296,648	108	296,766	9,122	305,889	(442)	305,446
Total interest expenses	4,760	496	5,266	45	5,311	(406)	4,895
Impairment losses of assets	4,100		4,100		4,100		4,100
Increase in premises and equipment and intangible assets	18,363	1,381	19,745	307	20,052	(0)	20,043

Notes: 1. The “Other” segment contains businesses that are not included in these reporting segments, such as the credit card business.

2. Adjustment amounts for the years ended March 31, 2021 and 2020, were as follows:
   (1) A downward reconciliation in ordinary income from external customers of ¥21 million ($189 thousand) and ¥25 million were made to the adjust gain on reversal of reserve for loan losses.
   (2) Segment profit reconciliations of ¥11 million ($99 thousand) and ¥11 million were made to eliminate intersegment transactions.
   (3) A downward reconciliation in segment assets of ¥19,250 million ($173,877 thousand) and ¥19,451 million was made to eliminate intersegment transactions.
   (4) A downward reconciliation in depreciation of ¥1 million ($9 thousand) and ¥1 million was made to eliminate intersegment transactions.
   (5) A downward reconciliation in total interest income of ¥49 million ($442 thousand) and ¥52 million was made to eliminate intersegment transactions.
   (6) A downward reconciliation in total interest expenses of ¥45 million ($406 thousand) and ¥48 million was made to eliminate intersegment transactions.
   (7) A downward reconciliation in increase in premises and equipment and intangible assets of ¥0 million ($7 thousand) and ¥1 million was made to eliminate intersegment transactions.
3. Segment profit is reflected as an adjustment to ordinary profit.
4. Ordinary profits, ordinary income and ordinary expenses are defined as follows:
   “Ordinary profits” means “Ordinary income” less “Ordinary expenses.”
   “Ordinary income” represents total income less certain special income included in other income in the accompanying consolidated statement of income for the years ended March 31, 2021 and 2020.
   “Ordinary expenses” represents total expenses less certain special expenses included in other expenses in the accompanying consolidated statement of income for the years ended March 31, 2021 and 2020.

Related Information

(1) Information by Services

Income regarding major service for the years ended March 31, 2021 and 2020, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Loan Businesses	**¥21,241**	¥22,406	**$191,861**
Securities Investment Businesses	**17,871**	19,932	**161,421**
Other	**18,595**	18,466	**167,961**
Total	**¥57,709**	¥60,805	**$521,262**

(2) Geographical Information

(a) Ordinary income

Ordinary income from external domestic customers exceeded 90% of total ordinary income on the consolidated statement of income for the years ended March 31, 2021 and 2020; therefore, geographical ordinary income information is not presented.

(b) Premises and equipment

The balance of domestic premises and equipment exceeded 90% of total balance of premises and equipment in the consolidated balance sheet at March 31, 2021 and 2020; therefore, geographical premises and equipment information is not presented.

(3) Major Customer Information

Ordinary income from a specific customer did not reach 10% of total ordinary income in the consolidated statement of income for the years ended March 31, 2021 and 2020; therefore, major customer information is not presented.

23 RELATED PARTY TRANSACTIONS

Significant related party transactions for the years ended March 31, 2021 and 2020, were as follows:

		Transactions for the Year		Balance at End of Year	
		Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
Related Party	Account Classification	**2021**	**2021**	**2021**	**2021**
Kunihiko Okamura	Loans and bills discounted	**¥27**	**$243**	**¥30**	**$270**
Tamanoyu Co., Ltd.	Loans and bills discounted	**89**	**803**	**99**	**894**
Tamanoyu Sangyou Co., Ltd.	Loans and bills discounted	**92**	**830**	**91**	**821**

Notes: 1. Izumi Kuwano, a former director of the Bank and its close relatives own 100% of the voting rights of Tamanoyu Co., Ltd. and Tamanoyu Sangyou Co., Ltd. As for Tamanoyu Co., Ltd. and Tamanoyu Sangyou Co., Ltd., Izumi Kuwano retired on June 24, 2020, the balance at the end of the month of retirement is indicated in place of the balance at the end of the period.
2. Terms are substantially the same as for similar transactions with third parties.
3. Amounts of transactions were reported at the average balance for the period.

		Transactions for the Year	Balance at End of Year
		Millions of Yen	Millions of Yen
Related Party	Account Classification	2020	2020
Kunihiko Okamura	Loans and bills discounted	¥25	¥23
Tamanoyu Co., Ltd.	Loans and bills discounted	34	33
Tamanoyu Sangyou Co., Ltd.	Loans and bills discounted	99	94

Notes: 1. Izumi Kuwano, a director of the Bank and its close relatives own 100% of the voting rights of Tamanoyu Co., Ltd. and Tamanoyu Sangyou Co., Ltd.
2. Terms are substantially the same as for similar transactions with third parties.
3. Amounts of transactions were reported at the average balance for the period.

24 NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2021 and 2020, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2021	Net Income Attributable to Owners of the Parent	Weighted-Average Shares*	EPS*	
Basic EPS—Net income available to common shareholders	**¥3,615**	**15,744**	**¥229.62**	**$ 2.07**
Effect of dilutive securities:				
Stock Option		**79**	**(1.15)**	**(0.01)**
Diluted EPS—Net income for computation	**¥3,615**	**15,823**	**¥228.47**	**$ 2.06**

Year Ended March 31, 2020			
Basic EPS—Net income available to common shareholders	¥5,081	15,738	¥322.85
Effect of dilutive securities:			
Stock Option		1,804	(33.20)
Diluted EPS—Net income for computation	¥5,081	17,542	¥289.65

25 SUBSEQUENT EVENT

Appropriations of Retained Earnings

At the Bank's general shareholders meeting held on June 24, 2021, the Bank's shareholders' approved the following:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥40.0 ($0.36) per share	**¥629**	**$5,681**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of THE OITA BANK, LTD.:

Opinion

We have audited the consolidated financial statements of THE OITA BANK, LTD. and its consolidated subsidiaries (the "Companies"), 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 equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Companies 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 Companies 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.

Calculation of Reserve for Loan Losses

The Companies provide banking and other financial services primarily in the Oita Prefecture. In the lending business, which is the Companies' core banking business, there is a risk that the Companies may incur a loss in cases where all or part of a loan becomes uncollectible due to the debtor's bankruptcy. The reserve for loan losses is recorded for the portion where such a loss is expected. The Companies recorded the reserve for loan losses of ¥28,945 million on the consolidated balance sheet as of March 31, 2021.

The Companies' accounting policy and calculation process of the reserve for loan losses are disclosed in Note 2.j, Summary of Significant Accounting Policies - Reserve for Loan Losses, to the consolidated financial statements.

The reserve for loan losses is calculated on the basis of the debtor category, which is a significant input in the estimates. Significant assumptions and judgments used in the determination of a debtor category are disclosed in Note 3, Significant Accounting Estimate.

Key Audit Matter Description

The Companies calculate the reserve for loan losses in accordance with their internal rules for write-offs and provisions. The calculation of the reserve for loan losses includes the determination of a debtor category based on the debtor's financial position and results of operations, as well as its reasonable future business plan, the valuation of the collateral pledged by the debtor, and the calculation of the actual past loss ratio adjusted for the future outlook.

Specifically, the determination of a debtor category may depend on significant judgments regarding the expected recovery of the debtor's financial performance in the future based on its business plan if the debtor is facing financial difficulties and its performance is deteriorating. Such debtors' business plans are often affected by higher estimation uncertainties as they include sales forecasts which are subject to external factors such as business environment and demand trends. These include, but not limited to, the effects of the pandemic of COVID-19, and internal factors such as cost reduction efforts, raising additional capital, and obtaining funding through asset disposals. Accordingly, highly subjective judgments are made in determining debtor categories.

There is a potential risk that the reserve for loan losses may not be appropriately calculated if a debtor category, does not appropriately reflect the debtors' credit risk. Accordingly, we identified the determination of debtor categories for such troubled debtors as a key audit matter, which involves the aforementioned significant estimates and related assumptions used in the business plans.

How the Key Audit Matter Was Addressed in the Audit

In order to address the key audit matter, we evaluated the effectiveness of internal controls over the determination of debtor categories of such troubled debtors and tested the appropriateness of debtor categories based on the underlying information obtained.

We evaluated the effectiveness of internal controls, including review and approval, which ensure debtor categories were determined in accordance with the internal rules for write-offs and provisions. We also evaluated the effectiveness of internal controls over the accuracy and completeness of significant data used in performing these internal controls, such as information about debtors.

In addition, for selected debtors whose categories are highly dependent upon their future business plans, we tested the appropriateness of information regarding these debtors underlying the determination of debtor categories and evaluated the reasonableness of significant estimates and assumptions used in their business plans by performing the following:

- We evaluated the feasibility of sales forecasts which were affected by such external factors as business environment and demand trends including the effects of the pandemic of COVID-19 by examining the progress of measures to improve profits and comparing them to external available information.

- We evaluated the feasibility of cost reduction efforts which depend on the Companies' internal factors by examining the progress of such measures and the room for further cost reduction.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Companies' 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 Companies or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Companies' 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 Companies' 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 Companies' 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 Companies 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 Companies to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

Deloitte Touche Tohmatsu LLC

June 24, 2021

Summary of Nonconsolidated Balance Sheet (Unaudited)

THE OITA BANK, LTD.
March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
ASSETS:			
Cash and due from banks	**¥ 511,638**	¥ 336,047	**$ 4,621,425**
Commercial paper and other debt purchased	**3,914**	3,236	**35,353**
Money held in trust	**19,946**	17,939	**180,164**
Investment securities	**1,274,095**	1,099,559	**11,508,400**
Loans and bills discounted	**1,912,902**	1,839,189	**17,278,493**
Foreign exchange assets	**12,609**	8,361	**113,892**
Other assets	**39,788**	43,184	**359,389**
Premises and equipment	**28,870**	29,021	**260,771**
Intangible assets	**954**	1,143	**8,617**
Prepaid pension cost	**9,576**	10,246	**86,496**
Deferred tax assets		2,288	
Customers' liabilities for acceptances and guarantees	**8,192**	12,231	**73,995**
Reserve for loan losses	**(26,474)**	(23,532)	**(239,129)**
TOTAL	**¥3,796,015**	¥3,378,917	**$34,287,914**
LIABILITIES:			
Deposits	**¥3,307,875**	¥3,024,909	**$29,878,737**
Payables under repurchase agreements		18,773	
Payables under securities lending transactions	**19,142**	8,517	**172,902**
Borrowed money	**224,367**	93,556	**2,026,619**
Foreign exchange liabilities	**35**	187	**316**
Other liabilities	**37,545**	31,402	**339,129**
Liability for retirement benefits	**6,033**	6,086	**54,493**
Reserve for reimbursement of deposits	**1,383**	1,757	**12,492**
Deferred tax liabilities	**271**		**2,447**
Deferred tax liabilities for land revaluation excess	**4,319**	4,448	**39,011**
Acceptances and guarantees	**8,192**	12,231	**73,995**
Total liabilities	**3,609,166**	3,201,871	**32,600,180**
EQUITY:			
Common stock- authorized, 30,000,000 shares; issued, 16,243,634 shares in 2021 and 2020	**19,598**	19,598	**177,021**
Capital surplus	**10,585**	10,592	**95,610**
Stock acquisition rights	**266**	237	**2,402**
Retained earnings:			
Legal reserve	**10,431**	10,431	**94,219**
Unappropriated	**121,085**	119,223	**1,093,713**
Total retained earnings	**131,516**	129,654	**1,187,932**
Unrealized gain (loss) on available-for-sale securities	**18,000**	10,878	**162,586**
Deferred gain (loss) on derivatives under hedge accounting	**471**	(593)	**4,254**
Land revaluation excess	**8,664**	8,958	**78,258**
Treasury stock- at cost, 498,184 shares in 2021 and 503,082 shares in 2020	**(2,254)**	(2,279)	**(20,359)**
Total equity	**186,848**	177,046	**1,687,724**
TOTAL	**¥3,796,015**	¥3,378,917	**$34,287,914**

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥110.71=U.S. $1, the approximate exchange rate prevailing at March 31, 2021.

Summary of Nonconsolidated Statement of Income (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
INCOME:			
Interest on:			
Loans and discounts	**¥20,277**	¥21,485	**$183,154**
Securities	**12,430**	14,809	**112,275**
Other	**142**	135	**1,282**
Total interest income	**32,850**	36,430	**296,721**
Fees and commissions	**8,331**	8,019	**75,250**
Other operating income	**1,213**	2,397	**10,956**
Gains on sales of stocks and other securities	**4,213**	2,707	**38,054**
Other income	**837**	996	**7,560**
Total income	**47,447**	50,551	**428,570**
EXPENSES:			
Interest on:			
Deposits	**380**	499	**3,432**
Borrowings and rediscounts	**17**	53	**153**
Other	**127**	396	**1,147**
Total interest expenses	**524**	949	**4,733**
Fees and commissions	**2,300**	2,272	**20,774**
Other operating expenses	**6,698**	6,882	**60,500**
General and administrative expenses	**27,548**	27,605	**248,830**
Provision for loan losses	**3,436**	1,523	**31,036**
Losses on sales of stocks and other securities	**960**	679	**8,671**
Other expenses	**866**	3,245	**7,822**
Total expenses	**42,335**	43,158	**382,395**
INCOME BEFORE INCOME TAXES	**5,111**	7,392	**46,165**
INCOME TAXES:			
Current	**2,716**	3,171	**24,532**
Deferred	**(431)**	(112)	**(3,893)**
Total income taxes	**2,284**	3,059	**20,630**
NET INCOME	**¥ 2,827**	¥ 4,333	**$ 25,535**

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK:			
Basic net income	**¥179.58**	¥275.34	**$ 1.62**
Diluted net income	**178.68**	247.03	**1.61**
Cash dividends applicable to the year	**80.00**	80.00	**0.72**

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥110.71=U.S. $1, the approximate exchange rate prevailing at March 31, 2021.

Summary of Nonconsolidated Statement of Changes in Equity (Unaudited)

THE OITA BANK, LTD.
Year Ended March 31, 2021

	Thousands	Millions of Yen									
					Retained Earnings						
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Legal Reserve	Unappropriated	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, APRIL 1, 2019	15,730	¥19,598	¥10,602	¥234	¥10,431	¥116,180	¥ 25,920	¥ (530)	¥8,926	¥(2,327)	¥189,036
Net income						4,333					4,333
Cash dividends, ¥80.00 per share						(1,258)					(1,258)
Purchase of treasury stock	(0)									(2)	(2)
Disposal of treasury stock	11		(9)							50	40
Transfer from land revaluation excess						(32)					(32)
Net change in the year				2			(15,042)	(62)	32		(15,070)
BALANCE, MARCH 31, 2020	15,740	¥19,598	¥10,592	¥237	¥10,431	¥119,223	¥ 10,878	¥ (593)	¥8,958	¥(2,279)	¥177,046
Net income						2,827					2,827
Cash dividends, ¥80.00 per share						(1,259)					(1,259)
Purchase of treasury stock	(1)									(3)	(3)
Disposal of treasury stock	6		(6)							28	21
Transfer from land revaluation excess						293					293
Net change in the year				28			7,122	1,064	(293)		7,921
BALANCE, MARCH 31, 2021	15,745	¥19,598	¥10,585	¥266	¥10,431	¥121,085	¥ 18,000	¥ 471	¥8,664	¥(2,254)	¥186,848

	Thousands of U.S. Dollars									
				Retained Earnings						
	Common Stock	Capital Surplus	Stock Acquisition Rights	Legal Reserve	Unappropriated	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Excess	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2020	$177,021	$95,673	$2,140	$94,219	$1,076,894	$ 98,256	$(5,356)	$80,914	$(20,585)	$1,599,187
Net income					25,535					25,535
Cash dividends, $0.72 per share					(11,372)					(11,372)
Purchase of treasury stock									(27)	(27)
Disposal of treasury stock		(54)							252	189
Transfer from land revaluation excess					2,646					2,646
Net change in the year			252			64,330	9,610	(2,646)		71,547
BALANCE, MARCH 31, 2021	$177,021	$95,610	$2,402	$94,219	$1,093,713	$162,586	$ 4,254	$78,258	$(20,359)	$1,687,724

Note: Amounts stated in U.S. dollars are translated from Japanese yen, solely for convenience, at the rate of ¥110.71=U.S. $1, the approximate exchange rate prevailing at March 31, 2021.

CORPORATE DATA

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4-1, Funaimachi 3-chome, Oita 870-0021
Telephone: (097) 534-1111

INTERNATIONAL BUSINESS OFFICE
4-1, Funaimachi 3-chome, Oita 870-0021
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Fax: (097) 533-6383
Swift: OITA JPJT

Hong Kong Representative Office
Room 1108, 11/F, The Metropolis Tower,
10 Metropolis Drive, Hung Hom,
Kowloon, Hong Kong
Telephone: 852-2522-8862
Fax: 852-2522-7298

FOREIGN EXCHANGE OFFICES
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Chuo-ku, Osaka 541-0046
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2-7, Jyokanishimachi,
Saiki, Oita 876-0847
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1-21, Komemachi 1-chome,
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Telephone: (093) 521-8336

Beppu Branch
18-21, Noguchinakamachi,
Beppu, Oita 874-0932
Telephone: (0977) 21-2121

Nakatsu Branch
2-10, Toyodamachi,
Nakatsu, Oita 871-0058
Telephone: (0979) 24-2211

Tsurusaki Branch
1-12, Minami-Tsurusaki 3-chome,
Oita 870-0104
Telephone: (097) 527-2121

Hita Branch
1-2, Sanbonmatsu 1-chome,
Hita, Oita 877-0016
Telephone: (0973) 23-2101

NUMBER OF MONEY EXCHANGE OFFICES
33

NUMBER OF OFFICES BY DISTRICT

Oita Prefecture	82
Miyazaki Prefecture	2
Kumamoto Prefecture	1
Fukuoka Prefecture	6
Osaka	1
Tokyo	1
Total	93

(As of September 30, 2021)

BOARD OF DIRECTORS AND AUDITORS

President
Tomiichiro Goto

Senior Managing Directors
Masayuki Takeshima
Yasuhide Takahashi

Managing Directors
Nobuhiko Okamatsu
Hiroaki Shimonomura

Outside Director
Akiko Yamamoto

Full-time Audit and Supervisory Committee Members
Masayuki Sagara
Hiroyuki Hirakawa

Outside Audit and Supervisory Committee Members
Yoshimi Osaki
Mitsuo Kawano
Sachiko Oro

Managing Executive Officers
Kazuyoshi Kai
Yasunori Sato

Executive Officers
Hideki Nagamatsu
Rikizo Hanada
Tatsuo Kuroki
Yu Ikeda
Katsuhiko Ueki
Hideki Takahashi

(As of June 30, 2021)

感動を、シェアしたい。

Emotions with you.

大分銀行