

ANNUAL REPORT 2022

Year Ended March 31, 2022



Corporate Data

(As of March 31, 2022)

Head Office

1-2, Nanukamachi 3-chome, Yamagata
990-8642, Japan
Phone:+81 23 623 1221
URL:https://www.yamagatabank.co.jp/

Date of Establishment

April 14, 1896

Paid-in Capital

¥12,008million

Stock Exchange Listing

Tokyo Stock Exchange

Credit Rating

A+ (JCR)

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Toward a sustainable society — Sustainability initiatives —

Based on the management philosophy “to grow and develop with our regional community,” Yamagata Bank aims to contribute to the regional development and sustainable development of our region through our business activities, and we have launched sustainability initiatives, such as nurturing regional industries and preserving the environment.

Sustainability Policy

Pursuant to our company credo “to grow and develop with our regional community” and as a company responsible for promoting regional growth, the Yamagata Bank Group will seriously address the challenges our community issues and thereby contribute to the realization of a sustainable regional community.

5 Materialities (Core Focus Areas)

- Sustainable Growth of Regional Economy / Nurturing Regional Industries
- Environmental Protection and Climate Change Response
- Achieving a Fulfilling Regional Community
- Improved employee engagement
- Strengthening Corporate Governance

Sustainable Growth of Regional Economy / Nurturing Regional Industries

• SDGs Private Placement Bonds/SDGs Support Leases



• SDGs Management Support Services



• Multi-Faceted Management Support



• Supporting the Development of Start-up Companies in Yamagata



Environmental Protection and Climate Change Response

• Endorsement of TCFD Recommendations



• Renewable Energy



Achieving a Fulfilling Regional Community

• Promoting Sports with the “Lyers”



• For children, taking charge of tomorrow.



Improved employee engagement

• Enhancement of diverse and flexible work styles and creation of a comfortable work environment



• Improved health awareness



Strengthening Corporate Governance

• Anti-Money Laundering and Anti-Terrorist Financing



• Establishment of business continuity system



Message from Management

We sincerely appreciate for your kind support of The Yamagata Bank, Ltd.

Yamagata Prefecture, the location of our main business area, is about 300 kilometers north of Tokyo and belongs to the Tohoku region of Japan. Yamagata City, where our head office is located, is near Sendai, the largest city in the Tohoku region, and they have active economic ties. Yamagata Prefecture has a population of approximately 1.05 million people and is home to agriculture, including rice and cherries, as well as a thriving manufacturing industry that produces a wide range of products from traditional crafts to electronics.

Last year, Japan's domestic economy, although still greatly affected by the Covid-19 global pandemic, managed overall to emerge from its worst period to a mild recovery. Amidst this, the regional economy of Yamagata Prefecture also picked up, particularly in the manufacturing sector, a key industry, aided by a recovery in external demand. Nevertheless, even as the various restrictions on economic activity due to Covid-19 remain a burden, the economic outlook is increasingly uncertain due to the increased price of natural resources worldwide.

In Japan, leading general global trends where the population is decreasing due to the declining birthrate and aging society, our mission as a regional financial institution is to help building a sustainable regional community. We aim to provide hands-on management advice to our client companies to help improve their management and transform their business, without limiting our scope to financing needs, to help build business models appropriate for the post-Covid era.

In April 2021, we launched its 20th long-term management plan, “Transform” (FY2021-FY2023). We are now in our second year. Our raison d'etre (core purpose) is to contribute to the prosperity of our regional community. As a company responsible for promoting Yamagata's growth, we will continue to focus on creating new regional value through sincere efforts to solve regional issues. In addition, we will incorporate ESG (environmental, social, and governance) perspectives into our management, strengthen our response to SDGs (sustainable development goals) and climate-related risks, and contribute to sustainable regional communities in line with our “Sustainability Policy” established in December 2021.

We would like to thank you for your continued warm encouragement and support.



Kichishige Hasegawa
President

A handwritten signature in black ink, appearing to be 'K. Hasegawa'.

Management policies

20th Long-Term Business Plan: "Transform" (April 2021 - March 2024)

Business Resources Supporting The Yamagata Bank (end of March, 2022)

Financial Capital

Trusted Reliability and Safety

- Capital adequacy ratio (Basel III Domestic Standards, non-consolidated) **9.94%**
- Credit Rating (Japan Credit Rating Agency, Ltd.) **A+**

Human Resources

Financial expertise and broad ranged proposal generating capability
Organizational system corresponding to diversity

- Number of employees **1,193**
- Utilizing specialist qualifications
1st grade of Certified Financial Planner, Securities analysts, Real estate appraisers, Small and medium enterprise management consultants, Real estate transaction agent, Certified public accountants, Information Technology Strategist, etc.
- Awarded Platinum "Kurumin" certification
First time ever to be awarded in Japan: April 2015
- Health and productivity superior corporation (Large corporation division):
Certified, **5 consecutive years**

Knowledge Resources

Group management system capable of providing comprehensive financial information services

- Group companies **8 companies**
- History and tradition founded **126 years** ago

Social Resources

Abundant network of branches and high market share

- Number of branch offices **84 branches**
- Number of ATM devices **252 units**
- Unmanned service areas **127 locations**

Business Model

Management Philosophy

Grow and develop together with the regional community, satisfy all of our customers, and give our employees stability and opportunities.

Long-Term Vision

A hybrid company offering financial customers and maximizes the potential

Creating a sustainable regional community
(Regional revitalization and regional economic renewal / development)

Achieving Value

Phase

Establishing a New

Phase

Achieving Hybrid

Phase

Responding to COVID-19 and

20th Long-Term Business Plan
April 2021 to March 2024

TRANS

Key Strategy 1:

Staying close and supporting our customers amidst the COVID-19 and post-COVID challenges.

Key Strategy 2:

Efforts to strengthen our consulting business and expand the range of our business services.

This 20th long-term business plan is proceeding toward 2030, aiming to respond a hybrid company, in a manner that connects

We established our 20th long-term business plan: "Transform" as a plan to cover a three-year period (April 2021 to March 2024). This is Phase 1 of a long-term vision heading toward 2030, to assist the regional economy and company management in the recovery from Covid-19, pursuing a sustainable business model with the aim of becoming a hybrid company offering financial / business participation.

Sustainability Policy

Pursuant to our management philosophy "to grow and develop with our regional community" and as a company responsible for promoting regional growth, the Yamagata Bank Group will seriously address the challenges our community issues and thereby contribute to the realization of a sustainable regional community.

al / business participation that creates value together with our
 tial of our region.

3
 Business Model
 2
 Company
 1
Challenging the Hybrid Company

Customer-oriented business and creation of added-value

3
 Business Model

2
 Company

1
Challenging the Hybrid Company

FORM

Key Strategy 3:

Structural reform and cost management to provide high quality services.

Key Strategy 4:

More sophisticated securities investment and risk management, and utilization of risk appetite framework.

sitioned as Phase 1 of a long-term vision to Covid-19 and the challenge of becoming cts to our vision.

Providing Value to Our Stakeholders

Our Regional Community

- Working for sustainable development; regional renewal.
- Revitalization of regional economy; nurturing industry.
- Commitment to environmental protection.

Our Customers

- Creating value together with our customers by helping to resolve their issues.
- Supporting stable asset building and asset succession for our customers.

Our Shareholders

- Increasing our medium to long term corporate value.

Our Employees and Officers

- Positive work environment.
- Supporting broad employee training efforts.
- Supporting various working styles and diversity.

Our Commitment to Achieving ESG Management and SDGs

We incorporate ESG (Environment, Social, Governance) perspectives into our management with the aim of improving corporate value over the medium to long term.

As a community-based banking group, we will contribute to the achievement of the SDGs through our comprehensive financial information services.

SUSTAINABLE DEVELOPMENT GOALS

Consolidated Five-Year Financial Highlights

Yen: In millions except per share data and percentages

U.S. dollars: In thousands except per share data and percentages

Years ended March 31

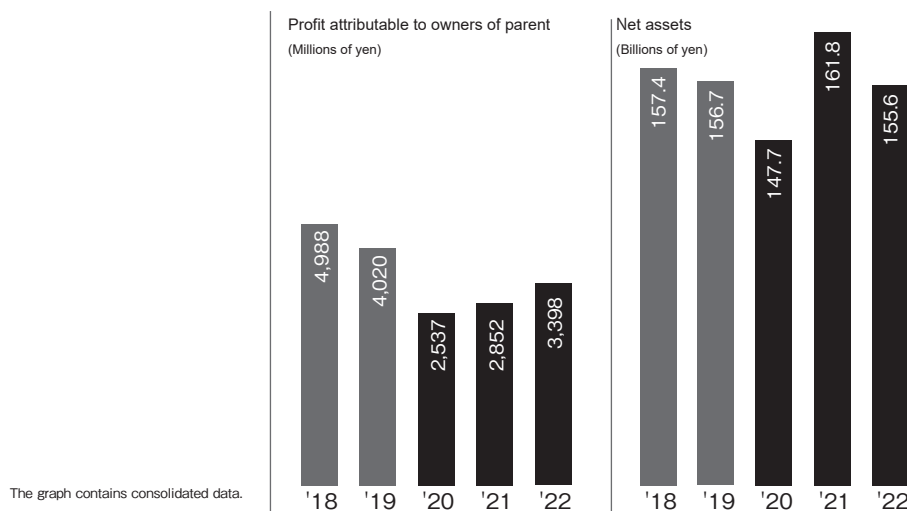
For the fiscal year:	2022	2021	2020	2019	2018	2022
	(Millions of yen)					(Thousands of U.S. dollars)
Ordinary income	¥ 44,026	¥ 41,225	¥ 44,041	¥ 47,354	¥ 42,488	\$ 359,719
Ordinary expenses	38,536	36,386	39,406	41,391	35,350	314,866
Profit before income taxes	5,367	4,264	4,468	5,910	6,992	43,859
Profit attributable to owners of parent	3,398	2,852	2,537	4,020	4,988	27,764
At the fiscal year-end						
Assets	¥ 3,538,352	¥ 3,128,968	¥ 2,653,119	¥ 2,576,980	¥ 2,618,179	\$ 28,910,470
Loans and bills discounted	1,709,107	1,739,782	1,713,248	1,699,188	1,726,334	13,964,437
Securities	1,087,504	901,513	758,083	677,078	732,995	8,885,565
Liabilities	3,382,723	2,967,155	2,505,412	2,420,219	2,460,737	27,638,891
Deposits	2,707,646	2,579,349	2,267,133	2,212,792	2,206,819	22,123,103
Net assets	155,628	161,812	147,706	156,761	157,442	1,271,578
Amounts per share						
Cash dividends	¥ 35.00	¥ 30.00	¥ 30.00	¥ 35.00	¥ 21.00	\$ 0.29
Profit attributable to owners of parent	104.86	87.50	77.86	123.36	153.04	0.86
Diluted profit attributable to owners of parent	—	—	—	110.01	136.52	—
Net assets	4,861.13	4,957.12	4,526.62	4,804.85	4,825.85	39.72
Ratios:						
Capital adequacy ratio (Domestic standard)	2022	2021	2020	2019	2018	
	10.39%	10.79%	11.02%	11.59%	11.61%	

Notes 1 : U.S. dollars represent transactions, for the convenience of readers, at ¥122.39=U.S.\$1.00 the rate prevailing on March 31, 2022.

2 : Effective October 1, 2017, the Bank executed the 1-for-5 stock consolidation. Per share information except cash dividends is calculated under assumption that the stock consolidation had taken effect at the preceding fiscal year.

3 : Effective October 1, 2017, the Bank executed the 1-for-5 stock consolidation. The dividend of ¥21.00 per share for March 31, 2018 is the sum of the intermediate dividend of ¥3.50 and the year-end dividend of ¥17.50, with the interim dividend ¥3.50 being the pre-merger dividend, and the year-end dividend ¥17.50 the post-merger dividend.

4 : Diluted profit attributable to owners of parent for the fiscal year ended March 31, on and after 2020 is not listed because there are no potentially dilutive shares.



Independent Auditor's Report

The Board of Directors
The Yamagata Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of The Yamagata Bank, Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

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

Basis for Opinion

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

Key Audit Matters

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

Classification of material borrowers for which there are concerns about business performance	
Description of Key Audit Matter	Auditor's Response
<p>The Group is engaged in the banking business with a business base mainly in Yamagata Prefecture, and the lending business is the Group's core business activity. The loans included in the consolidated balance sheet at the end of the fiscal year ended March 31, 2022 totaled 1,709,107 million yen (48.3% of total assets).</p> <p>The collectability of loans recorded by the Group is subject to uncertainties due to economic trends in Japan and overseas,</p>	<p>In considering the appropriateness of the classification of borrowers, we mainly performed the following audit procedures:</p>

<p>particularly regional economic trends, changes in the financial and economic environment (e.g., fluctuations in interest rates and stock prices), deterioration in the business performance and financial position of borrowers depending on the success or failure of their business, and changes in the value of collateral such as real estate. Additionally, the recent impact of COVID-19 on economic activities may have a significant impact on the performance of borrowers.</p> <p>As such, the Group calculates the expected amount of loans that will not be collected based on the classification of borrowers, the status of credit protection, and the historical loan loss ratio, and records this amount as an allowance for loan losses.</p> <p>The allowance for loan losses included in the consolidated balance sheet at the end of the fiscal year ended March 31, 2022 was 8,971 million yen as described in g. “Allowance for Loan Losses” of Note 3 “Summary of Significant Accounting Policies” in Notes to Consolidated Financial Statements.</p> <p>The allowance for loan losses is calculated in accordance with the Group’s predetermined standards for self-assessment and for write-offs and allowances. The calculation process includes the classification of borrowers which is determined by evaluating the business performance, financial position and repayment status of borrowers and the future prospects thereof.</p> <p>As described in t. “Significant Accounting Estimates” of Note 3 “Summary of Significant Accounting Policies” to the consolidated financial statements, the key assumptions underlying the calculation of the allowance for loan losses are “the time it will take for the COVID-19 situation to return to normal and the impact thereof” and “the future prospects for the business performance of individual borrowers in the classification of borrowers.” The Group expects that “the time it will take for the COVID-19 situation to return to normal and the impact thereof” will have a certain impact on the economic activities in the Group’s core business region since it will take considerable time for the COVID-19 situation to return to normal.</p>	<ul style="list-style-type: none"> • We evaluated the Group’s internal controls for ensuring the accuracy of the classification of borrowers, credit rating data underlying such classification, and the financial information of borrowers upon which classifications and credit ratings are based, and compliance with regulations and the like as it relates to the foregoing. • We held discussions with management and divisions responsible for loans in consideration of available external information such as that underlying economic forecasts in order to consider the reasonableness of the Group’s assumptions regarding the timing with which the COVID-19 situation will return to normal and the impact thereof. • In order to consider the appropriateness of the classification of individual borrowers, we selected a sample of borrowers for consideration taking into account the degree of deterioration in the business performance or financial position of borrowers, their repayment status, and data reported by business branches on the impact of the spread of COVID-19 on the business performance of borrowers. We also considered the monetary impact of the changes in borrower classification on the amount recorded in the allowance for loan losses. Additionally, we selected a sample of borrowers for consideration that are expected to have rising levels of credit risk by identifying a certain level of bias and deviation by using self-assessment data analysis tools (tools used in the self-assessment audit to support the selection of audit samples with a focus on areas where there is credit risk by visualizing borrower and receivable data from the standpoint of geographical area, business type, and borrower’s financial position) to visualize the distribution of the type of business, operating area, and credit rating of borrowers and a distribution combining multiple financial indicators of each borrower (e.g., a combination of change in total asset turnover ratio and percent change in sales). • We performed the following audit procedures to consider the appropriateness
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<p>In addition, when borrowers prepare business improvement plans, the Group evaluates the reasonableness and feasibility of the business improvement plans and considers these plans to be an important factor related to future prospects in the classification of borrowers.</p> <p>The future prospects for business performance, which include evaluations of the reasonableness and feasibility of business improvement plans of borrowers for which there are concerns about business performance, involve significant uncertainty and are highly dependent on management's judgment since such future prospects are affected by changes in the business environment surrounding borrowers such as the recent COVID-19 situation and the success or failure of borrowers' business strategies. In particular, there is rising uncertainty about the future prospects for business performance for certain borrowers since COVID-19 continues to impact the economic activities of borrowers in the Group's core business region as the pandemic repeatedly cycles between expanding and declining. In addition, if the allowance for loan losses significantly increases or decreases due to the classification of material borrowers, it may have a significant impact on the Group's financial position and operating results.</p> <p>Accordingly, we have determined that the classification of material borrowers for which there are concerns about business performance is a key audit matter.</p>	<p>of the classification of borrowers for the borrowers selected for consideration:</p> <ul style="list-style-type: none"> -We evaluated data regarding sampled borrowers' recent repayment status, financial position, and business performance by inspecting a set of materials related to self-assessment conducted by the Group, such as borrower-related explanatory materials including a description of the business, borrowing and repayment status, research materials that provide details of actual financial position, financial statements, and the trial balance. In addition, we made inquiries of the divisions responsible for loans as necessary to confirm our understanding. -We considered the appropriateness of the Group's evaluations of the reasonableness and feasibility of business improvement plans taking into account the impact of COVID-19 on future prospects for major items such as sales, cost of sales, and selling, general and administrative expenses in business improvement plans prepared by borrowers. Our procedures also consisted of conducting trend analysis based on past results, evaluating whether the borrower had historically achieved its previous business improvement plans, analyzing the latest monitoring conducted by the Group, and making comparisons with available external information such as that related to the industry to which the borrowers belong.
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Other Information

The other information comprises the information included in the annual report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

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

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

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

We have nothing to report in this regard.

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

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

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

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

We communicate with the 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 the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the 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 Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 16, 2022

佐藤 森夫

/s/ Morio Sato

Designated Engagement Partner
Certified Public Accountant

小松崎 謙

/s/ Ken Komatsuzaki

Designated Engagement Partner
Certified Public Accountant

Corporate Data

Management

(As of June 24, 2022)

President

Kichishige Hasegawa

Senior Managing Directors

Shinichiro Miura

Eiji Sato

Managing Directors

Hiroshi Koya

Yutaka Touyama

Izumi Hasegawa

Tsutomu Komagome

Tomokazu Kan

Directors

Toshiyuki Komatsu

Mitsuru Imokawa

Hiroyuki Sasa

Yumiko Inoue

Keitaro Harada

Takuro Taruishi (Full-time Audit and Supervisory Committee Member)

Yasumasa Gomi (Audit and Supervisory Committee Member)

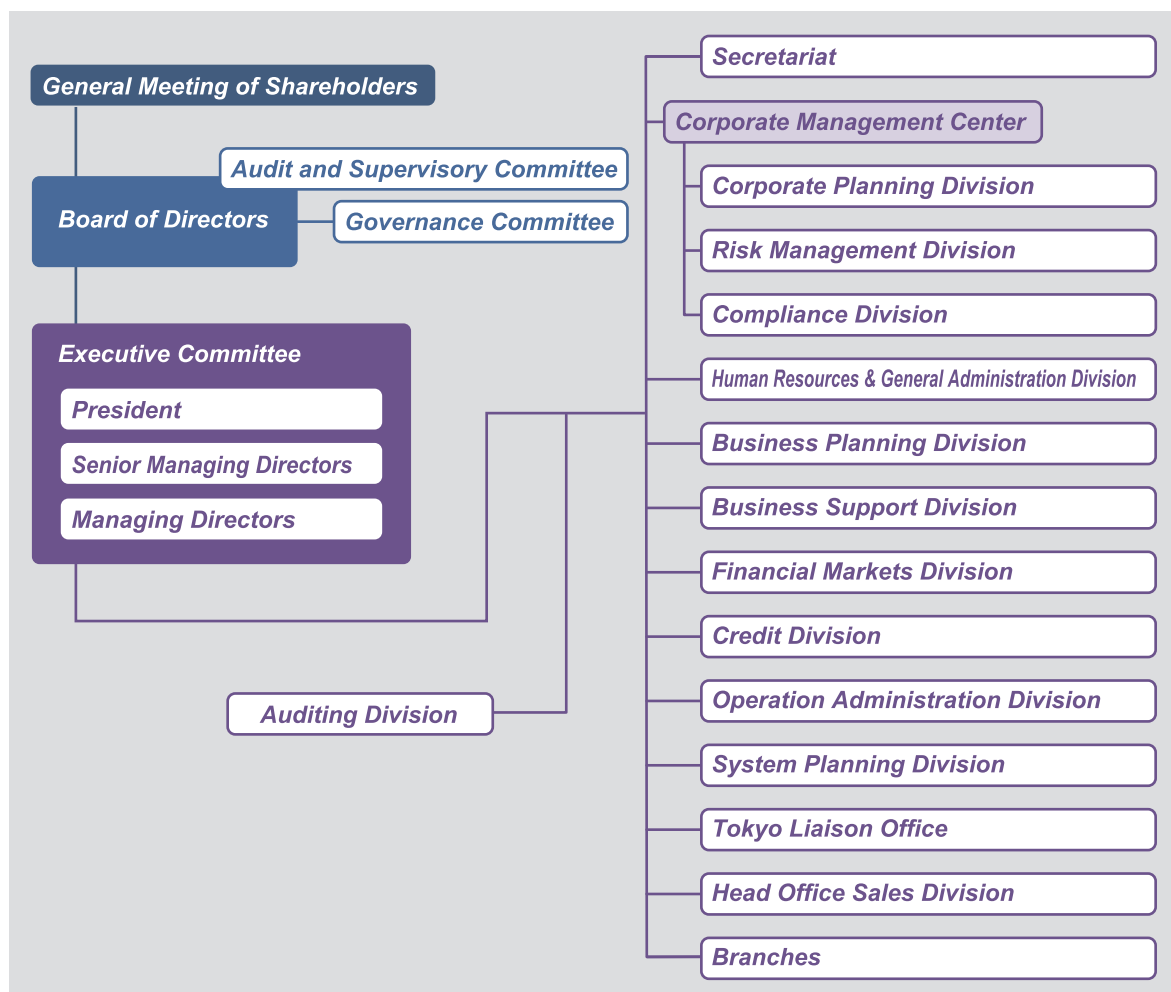
Gisuke Ohara (Audit and Supervisory Committee Member)

Junichi Matsuda (Audit and Supervisory Committee Member)

Masanori Oshino (Audit and Supervisory Committee Member)

Organization

(As of June 24, 2022)



Review of Operations

The Conditions of Consolidated Accounts

The general situation in this term (from April 1, 2021 to March 31, 2022)

Deposits and negotiable certificates of deposit

The year-end consolidated balance of deposits and negotiable certificates of deposit increased by ¥143.8 billion to ¥2,804.0 billion, mainly due to an increase in personal deposits and corporate deposits.

Deposited financial assets

The year-end consolidated balance of deposited financial assets increased by ¥12.6 billion during the year to ¥291.0 billion, mainly due to an increase in investment trust.

Loans and bills discounted

The year-end consolidated balance of loans and bills discounted decreased by ¥30.6 billion to ¥1,709.1 billion. Loans to public entities and individuals decreased.

Securities

As a result of promoting investments in assets likely to be profitable, such as investment trusts, etc., there was a ¥185.9 billion increase during the consolidated fiscal year, with a final balance of ¥1,087.5 billion at the end of the accounting period.

Profit and loss

The consolidated ordinary income increased by ¥2,800 million from the previous year to ¥44,026 million, mainly due to an increase in interest income including interest and dividends on securities. Consolidated ordinary expenses increased by ¥2,150 million from the previous year to ¥38,536 million, mainly due to an increase in other ordinary expenses including loss on sales of bonds.

As a result, consolidated ordinary profit increased by ¥650 million during the year to ¥5,489 million, and consolidated profit attributable to owners of parent increased by ¥545 million during the year to ¥3,398 million.

Results by business segment

In the banking business, ordinary income for the fiscal year was ¥37,331 million, which was ¥2,749 million more than that for the previous fiscal year; segment profit for the fiscal year was ¥4,749 million, which was ¥419 million more than that for the previous fiscal year.

In the leasing business, ordinary income for the fiscal year was ¥6,047 million, which was ¥31 million more than that for the previous year; segment profit for the fiscal year was ¥261 million, which was ¥55 million more than that for the previous fiscal year.

In the credit guarantee business, ordinary income for the fiscal year was ¥918 million, which was ¥28 million less than that for the previous fiscal year; segment profit for the fiscal year was ¥666 million, which was ¥20 million less than that for the previous fiscal year.

In other business sectors, ordinary income for the fiscal year was ¥1,523 million, which was ¥19 million more

than that for the previous fiscal year; segment profit for the fiscal year was ¥294 million, which was ¥88 million more than that for the previous fiscal year.

Cash flows

Cash flows from operating activities was positive at ¥450.2 billion, mainly due to a net increase in deposits and borrowed money.

Cash flows from investing activities was negative at ¥194.6 billion, due to the purchase of securities exceeding the proceeds from sales and redemption of securities.

Cash flows from financing activities was negative at ¥1.5 billion, mainly due to dividends paid.

As a result of the above, the year-end consolidated balance of cash and cash equivalents increased by ¥254.0 billion to ¥635.9 billion during the fiscal year.

Financial Statements

Consolidated Balance Sheet

As of March 31, 2022 and 2021

	2022 (Millions of yen)	2021 (Millions of yen)	2022 (Thousands of U.S.dollars)(Note2)
Assets			
Cash and due from banks (Note 19)	¥ 646,471	¥ 394,592	\$ 5,282,065
Call loans and bills bought	5,080	1,465	41,509
Monetary claims bought	8,552	7,584	69,880
Money held in trust	2,763	1,261	22,581
Securities (Note 4, 5, 7, 11 and 22)	1,087,504	901,513	8,885,565
Loans and bills discounted (Note 6 and 7)	1,709,107	1,739,782	13,964,437
Foreign exchanges	865	774	7,073
Other assets (Note 7)	47,165	53,153	385,366
Property, plant and equipment (Note 10)	16,677	15,419	136,266
Buildings, net (Note 9)	6,966	3,858	56,923
Land (Note 8)	8,003	8,320	65,396
Construction in progress	25	1,658	205
Other, net (Note 9)	1,681	1,582	13,740
Intangible assets	4,314	3,540	35,253
Software	4,079	3,324	33,332
Other	235	215	1,920
Assets for retirement benefits (Note 26)	3,197	1,336	26,125
Deferred tax assets (Note 27)	477	389	3,898
Customer's liabilities for acceptances and guarantees	15,145	18,060	123,749
Allowance for loan losses	(8,971)	(9,907)	(73,303)
Assets	¥ 3,538,352	¥ 3,128,968	\$ 28,910,470
Liabilities and Net Assets			
Liabilities			
Deposits (Note 7)	¥ 2,707,646	¥ 2,579,349	\$ 22,123,103
Negotiable certificates of deposit	96,408	80,834	787,713
Call money and bills sold	119,074	1,992	972,913
Payables under securities lending transactions (Note 7)	39,547	8,318	323,130
Borrowed money (Note 7)	386,868	258,073	3,160,945
Foreign exchanges	31	36	256
Other liabilities	16,225	15,378	132,568
Provision for bonuses for directors	22	22	183
Liabilities for retirement benefits (Note 26)	57	52	465
Provision for retirement benefits for directors	15	10	126
Provision for share payments of board incentive plan	84	96	694
Provision for reimbursement of deposits	109	122	891
Provision for contingent loss	259	290	2,118
Provision for point service program	—	53	—
Provision for loss on interest repayment	56	56	461
Deferred tax liabilities (Note 27)	39	3,248	324
Deferred tax liabilities for land revaluation (Note 8)	1,131	1,156	9,243
Acceptance and guarantees	15,145	18,060	123,749
Liabilities	¥ 3,382,723	¥ 2,967,155	\$ 27,638,891
Net Assets			
Shareholders' equity (Note 17 and 32)			
Share capital	¥ 12,008	¥ 12,008	\$ 98,117
Capital surplus	10,215	10,215	83,469
Retained earnings	126,679	127,139	1,035,044
Treasury shares	(901)	(3,142)	(7,362)
Shareholders' equity	148,002	146,220	1,209,268
Valuation difference on available-for-sale securities (Note 22)	6,315	15,068	51,599
Deferred gains or losses on hedges	(1,174)	(839)	(9,594)
Revaluation reserve for land (Note 8)	1,009	972	8,244
Retirement benefits liability adjustments	1,305	225	10,666
Accumulated other comprehensive income	7,455	15,426	60,915
Non-controlling interests	170	165	1,394
Net assets	¥ 155,628	¥ 161,812	\$ 1,271,578
Liabilities and net assets	¥ 3,538,352	¥ 3,128,968	\$ 28,910,470

Consolidated Statements of Income and Comprehensive Income

For the years ended March 31, 2022 and 2021

Consolidated Statements of Income

	2022 (Millions of yen)	2021 (Millions of yen)	2022 (Thousands of U.S.dollars)(Note2)
Ordinary income	¥ 44,026	¥ 41,225	\$ 359,719
Interest income	27,564	24,444	225,214
Interest on loans and discounts	16,132	16,826	131,814
Interest and dividends on securities	10,714	7,434	87,545
Interest on call loans and bills bought	4	(4)	35
Interest on receivables under resale agreements	—	(0)	—
Interest on deposits with banks	630	89	5,155
Other interest income	81	99	663
Fees and commissions	7,699	7,422	62,907
Other ordinary income	7,260	7,526	59,321
Other income	1,502	1,831	12,275
Recoveries of written off receivables	15	17	123
Other (Note 12)	1,487	1,814	12,152
Ordinary expenses	38,536	36,386	314,866
Interest expenses	1,194	1,350	9,758
Interest on deposits	436	494	3,567
Interest on negotiable certificates of deposit	8	12	72
Interest on call money and bills sold	17	37	143
Interest on payables under securities lending transactions	48	54	400
Interest on borrowings and rediscounts	52	90	425
Other interest expenses	630	661	5,149
Fees and commissions payments	2,480	2,582	20,270
Other ordinary expenses	9,724	8,012	79,455
General and administrative expenses (Note 13)	21,949	22,437	179,343
Other expenses	3,186	2,004	26,038
Provision of allowance for loan losses	970	765	7,930
Other (Note 14)	2,216	1,238	18,108
Ordinary profit	5,489	4,838	44,852
Extraordinary income	106	—	873
Gain on disposal of non-current assets	106	—	873
Extraordinary losses	228	574	1,866
Loss on disposal of non-current assets	66	34	543
Impairment loss (Note 15)	162	540	1,323
Profit before income taxes	5,367	4,264	43,859
Income taxes -current	1,755	1,936	14,347
Income taxes -deferred (Note 27)	208	(528)	1,706
Income taxes	1,964	1,407	16,053
Profit	3,403	2,857	27,806
Profit attributable to non-controlling interests	5	4	41
Profit attributable to owners of parent	¥ 3,398	¥ 2,852	\$ 27,764
Consolidated Statements of Comprehensive Income			
Profit	¥ 3,403	¥ 2,857	\$ 27,806
Other comprehensive income (Note 16)	(8,008)	12,198	(65,430)
Valuation difference on available-for-sale securities	(8,753)	8,202	(71,518)
Deferred gains or losses on hedges	(334)	2,427	(2,732)
Retirement benefits liability adjustments	1,079	1,568	8,821
Comprehensive income	(4,604)	15,056	(37,624)
Comprehensive income attributable to owners of parent	(4,609)	15,051	(37,665)
Comprehensive income attributable to non-controlling interests	5	4	41

Consolidated Statements of Changes in Equity

For the year ended March 31, 2022	Shareholders' equity				(Millions of yen)
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance as of April 1, 2021	¥ 12,008	¥ 10,215	¥ 127,139	¥ (3,142)	¥ 146,220
Cumulative effects of changes in accounting policies			(52)		(52)
Restated balance as of April 1, 2021	12,008	10,215	127,086	(3,142)	146,167
Changes during period					
Dividends of surplus			(980)		(980)
Profit attributable to owners of parent			3,398		3,398
Acquisition of treasury shares				(556)	(556)
Disposal of treasury shares				9	9
Cancellation of treasury shares		(0)	(2,787)	2,788	—
Reversal of revaluation reserve for land			(36)		(36)
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	(407)	2,241	1,834
Balance as of March 31, 2022	¥ 12,008	¥ 10,215	¥ 126,679	¥ (901)	¥ 148,002

For the year ended March 31, 2022	Shareholders' equity				(Thousands of U.S. dollars) (Note 2)
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2021	\$ 98,117	\$ 83,469	\$ 1,038,802	\$ (25,679)	\$ 1,194,710
Cumulative effects of changes in accounting policies	—	—	(431)	—	(431)
Restated balance as of April 1, 2021	98,117	83,469	1,038,371	(25,679)	1,194,278
Changes during period					
Dividends of surplus			(8,010)		(8,010)
Profit attributable to owners of parent			27,764		27,764
Acquisition of treasury shares				(4,543)	(4,543)
Disposal of treasury shares				81	81
Cancellation of treasury shares		(0)	(22,779)	22,779	—
Reversal of revaluation reserve for land			(301)		(301)
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	(3,326)	18,317	14,990
Balance as of March 31, 2022	\$ 98,117	\$ 83,469	\$ 1,035,044	\$ (7,362)	\$ 1,209,268

For the year ended March 31, 2021	Shareholders' equity				(Millions of yen)
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance as of April 1, 2020	¥ 12,008	¥ 10,215	¥ 125,128	¥ (3,173)	¥ 144,179
Changes during period					
Dividends of surplus			(980)		(980)
Profit attributable to owners of parent			2,852		2,852
Acquisition of treasury shares				(1)	(1)
Disposal of treasury shares				31	31
Reversal of revaluation reserve for land			137		137
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,010	30	2,040
Balance as of March 31, 2021	¥ 12,008	¥ 10,215	¥ 127,139	¥ (3,142)	¥ 146,220

For the year ended March 31, 2022	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2021	¥ 15,068	¥ (839)	¥ 972	¥ 225	¥ 15,426	¥ 165	¥ 161,812
Cumulative effects of changes in accounting policies							(52)
Restated balance as of April 1, 2021	15,068	(839)	972	225	15,426	165	161,759
Changes during period							
Dividends of surplus							(980)
Profit attributable to owners of parent							3,398
Acquisition of treasury shares							(556)
Disposal of treasury shares							9
Cancellation of treasury shares							—
Reversal of revaluation reserve for land							(36)
Net changes in items other than shareholders' equity	(8,753)	(334)	36	1,079	(7,971)	5	(7,966)
Total changes during period	(8,753)	(334)	36	1,079	(7,971)	5	(6,131)
Balance as of March 31, 2022	¥ 6,315	¥ (1,174)	¥ 1,009	¥ 1,305	¥ 7,455	¥ 170	¥ 155,628

For the year ended March 31, 2022	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2021	\$ 123,118	\$ (6,862)	\$ 7,942	\$ 1,845	\$ 126,044	\$ 1,353	\$ 1,322,108
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	(431)
Restated balance as of April 1, 2021	123,118	(6,862)	7,942	1,845	126,044	1,353	1,321,676
Changes during period							
Dividends of surplus							(8,010)
Profit attributable to owners of parent							27,764
Acquisition of treasury shares							(4,543)
Disposal of treasury shares							81
Cancellation of treasury shares							—
Reversal of revaluation reserve for land							(301)
Net changes in items other than shareholders' equity	(71,518)	(2,732)	301	8,821	(65,128)	41	(65,087)
Total changes during period	(71,518)	(2,732)	301	8,821	(65,128)	41	(50,097)
Balance as of March 31, 2022	\$ 51,599	\$ (9,594)	\$ 8,244	\$ 10,666	\$ 60,915	\$ 1,394	\$ 1,271,578

For the year ended March 31, 2021	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance as of April 1, 2020	¥ 6,865	¥ (3,267)	¥ 1,109	¥ (1,342)	¥ 3,365	¥ 161	¥ 147,706
Changes during period							
Dividends of surplus							(980)
Profit attributable to owners of parent							2,852
Acquisition of treasury shares							(1)
Disposal of treasury shares							31
Reversal of revaluation reserve for land							137
Net changes in items other than shareholders' equity	8,202	2,427	(137)	1,568	12,061	4	12,065
Total changes during period	8,202	2,427	(137)	1,568	12,061	4	14,106
Balance as of March 31, 2021	¥ 15,068	¥ (839)	¥ 972	¥ 225	¥ 15,426	¥ 165	¥ 161,812

Consolidated Statements of Cash Flows

For the years ended March 31, 2022 and 2021

	2022	2021	2022
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)(Note 2)
Cash flows from operating activities			
Profit before income taxes	¥ 5,367	¥ 4,264	\$ 43,859
Depreciation	1,864	1,686	15,232
Impairment loss	162	540	1,323
Increase (decrease) in allowance for loan losses	(936)	83	(7,650)
Decrease (increase) in assets for retirement benefits	(1,860)	(1,336)	(15,202)
Increase (decrease) in liabilities for retirement benefits	4	(415)	34
Increase (decrease) in provision for retirement benefits for directors	4	1	37
Increase (decrease) in provision for share payments of board incentive plan	(11)	(5)	(94)
Increase (decrease) in provision for reimbursement of deposits	(13)	(46)	(108)
Increase (decrease) in provision for contingent loss	(31)	(13)	(258)
Increase (decrease) in provision for point service program	(53)	3	(440)
Interest income	(27,564)	(24,444)	(225,214)
Interest expenses	1,194	1,350	9,758
Loss (gain) related to securities	3,325	(19)	27,168
Loss (gain) on money held in trust	(58)	(4)	(478)
Foreign exchange loss (gain) , net	(28)	(129)	(232)
Loss (gain) on disposal of non-current assets	(40)	34	(330)
Net decrease (increase) in loans and bills discounted	33,047	(24,851)	270,020
Net increase (decrease) in deposits	123,528	309,125	1,009,306
Net increase (decrease) in negotiable certificates of deposit	15,573	(20,276)	127,246
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	127,980	244,077	1,045,680
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	2,135	(2,188)	17,451
Net decrease (increase) in call loans	(4,270)	357	(34,890)
Net increase (decrease) in call money	116,295	(17,676)	950,204
Net increase (decrease) in payables under securities lending transactions	29,019	(57,521)	237,105
Net decrease (increase) in foreign exchanges-assets	(42)	1,857	(346)
Net increase (decrease) in foreign exchanges-liabilities	(6)	6	(52)
Interest received	26,847	24,692	219,360
Interest paid	(1,228)	(1,448)	(10,038)
Other	1,440	2,629	11,771
Subtotal	451,646	440,329	3,690,221
Income taxes paid	(1,414)	(519)	(11,555)
Income taxes refunded	—	387	—
Net cash provided by (used in) operating activities	450,231	440,197	3,678,665
Cash flows from investing activities			
Purchase of securities	(569,901)	(617,035)	(4,656,438)
Proceeds from sales of securities	349,870	464,300	2,858,649
Proceeds from redemption of securities	31,015	22,777	253,417
Increase in money held in trust	(1,682)	(873)	(13,744)
Decrease in money held in trust	48	—	392
Purchase of property, plant and equipment	(2,827)	(1,239)	(23,101)
Proceeds from sales of property, plant and equipment	318	3	2,604
Expenditure for acquisition of intangible assets	(1,517)	(867)	(12,398)
Payments for asset retirement obligations	(4)	(2)	(34)
Net cash provided by (used in) investing activities	(194,680)	(132,936)	(1,590,654)
Cash flows from financing activities			
Dividends paid	(980)	(980)	(8,010)
Purchase of treasury shares	(556)	(1)	(4,543)
Net cash provided by (used in) financing activities	(1,536)	(981)	(12,554)
Effect of exchange rate change on cash and cash equivalents	(1)	(2)	(14)
Net increase (decrease) in cash and cash equivalents	254,013	306,277	2,075,441
Cash and cash equivalents at beginning of year	381,927	75,649	3,120,576
Cash and cash equivalents at end of year (Note 19)	¥ 635,940	¥ 381,927	\$ 5,196,018

Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation

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

The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Act amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

2. U.S. Dollar Amounts

The Bank maintains its records and prepares its financial statements in yen. Amounts in U.S. dollars are presented solely for the convenience of readers outside Japan. The rate of 122.39=U.S.\$1.00, the rate of exchange in effect on March 31, 2022, has been used in translation. The translation should not be construed as a representation that yen could be converted into U.S. dollars at the above or any other rate.

3. Summary of Significant Accounting Policies

a. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and its 8 subsidiaries, except for 3 subsidiaries which are not consolidated due to their immateriality.

All significant intercompany receivables and payables and transactions have been eliminated in consolidation.

Goodwill represents the difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Immaterial goodwill is charged to income when incurred.

b. Securities

Securities are classified into three categories: trading, held-to-maturity bonds, or available-for-sale securities. Trading account securities, which are purchased for trading purposes, are carried at market value and held-to-maturity bonds are carried at amortized cost. Marketable securities classified as securities available for sale are carried at market value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Available-for-sale securities whose fair value is deemed to be extremely difficult to determine are carried at cost. The cost of securities sold is determined by the moving average method.

c. Derivative financial instruments

Derivatives are stated at fair market value.

d. Property, plant and equipment

The Bank recognizes depreciation by the straight-line method applicable to each specific category of assets. The useful lives of buildings and equipment are summarized as follows:

Buildings : 2 to 50 years Equipment : 2 to 15 years

Depreciation of property, plant and equipment of the consolidated subsidiaries is mainly computed using the straight-line method over the estimated useful lives of respective assets.

e. Intangible assets

Intangible assets are depreciated by the straight-line method. The

Bank's software, which is used in-house, is depreciated based on the estimated period of use (mainly five years) at the Bank and at consolidated subsidiaries.

f. Leased assets

Leased assets on finance lease transactions that do not transfer ownership are depreciated over the useful life of assets, equal to the lease term, by the straight-line method with zero residual value or, where lease agreements stipulate guarantee of residual value, the guaranteed residual value. The Bank leases certain vehicles, computer equipment and other assets.

g. Allowance for loan losses

The Bank's allowance for doubtful accounts is treated as follows in accordance with the self-assessment standards and write-off/provision standards that have been set in advance. For loans specified as performing loans or sub-performing loans pursuant to the "Practical Guidelines for Self-Assessment of Assets by Financial Institutions such as Banks and for Auditing of the Write-off of Doubtful Accounts and Allowances for Doubtful Accounts" (Japan Institute of Certified Public Accountants, Bank Audit Special Committee Report No. 4, October 8, 2020), the estimated losses among performing loans over the next year and the estimated losses for sub-performing loans over the next three years is calculated and recorded based for the most part on the loan loss ratio over the past 5 calculation periods. In addition, the estimated losses may be calculated after making revisions, as necessary, such as to future prospects, etc. For loans that may be deemed to be in danger of bankruptcy, deduct from the amount of the loan the estimated marketable value of collateral and the estimated recoverable amount by way of guarantees, and for those borrowers for whom the remaining balance exceeds a stipulated amount, the amount shall be recorded which remains after subtracting the recoverable portion reasonably estimated based on cash flow, and for other borrowers, the estimated losses over the next three years shall be calculated and recorded, based on the past loan loss ratio. For loans that may be deemed to be in danger of bankruptcy or deemed a defacto bankrupt loan, the balance is recorded after deducting from the loan amount, the estimated disposal price of the collateral and the recoverable amount from guarantees.

All loans are assessed by a front department based on asset self-assessment standards, and the asset audit department, which is independent of that department, audits the assessment results.

Regarding the allowance for doubtful accounts of consolidated subsidiaries, for general loans, the amount deemed necessary in consideration of the past loan loss ratio is recorded, and for specific loans for which there is a concern regarding possible sub-performance, these are individually considered for their potential recoverability, and the estimated non-recoverable amount for each is recorded respectively.

h. Provision for bonuses for directors

Provision for bonuses for directors is provided in the amount accrued during the year, which is calculated based on the estimated amount of future bonus payments to directors.

i. Provision for retirement benefits for directors

Provision for retirement benefits for directors is provided in the amount accrued during the year, which is calculated based on the estimated amount of future retirement payments to directors.

j. Provision for share payments of board incentive plan

Provision for share payments of board incentive plan is provided for the expected stock payments due to points assigned to directors based on the stock incentive plan, in order to prepare for the delivery of the Bank's stock through the board incentive BIP trust.

k. Provision for reimbursement of deposits

Provision for reimbursement of deposits which are derecognized as liabilities is provided for the possible losses on the future claims of repayments based on historical repayment experience.

l. Provision for contingent loss

Provision for contingent loss is provided for future estimated payments to the Credit Guarantee Corporations.

m. Provision for loss on interest repayment

Provision for loss on interest repayment is provided for the possible losses on the future claims of returning interests.

n. Employees' retirement benefits

For the calculation of employees' retirement benefit obligation, the estimated amount of employees' retirement benefits is attributed to each period by the straight-line method.

Prior service cost is amortized as incurred, by the straight-line method over a period (5 years) which falls within the average remaining years of service of the active participants in the plans.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized, by the straight-line method over a period (5 years) which falls within the average remaining years of service of the active participants in the plans.

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

o. Foreign currency translation

Foreign-currency-denominated assets and liabilities are translated into yen equivalents at the exchange rates prevailing at the balance sheet date.

p. Standard for recording revenues and expenses

1. Standard for recording revenues and expenses related to financial lease transactions

The method used is that sales and cost of sales are recorded at the time of receipt of lease payments.

2. Recognition standard for stock dividends included in interest and dividends on securities

Regarding the recognition standard for stock dividends from other appropriations of retained earnings (only when the dividend property is cash), it is recorded in the consolidated fiscal year that includes the effective date of the resolution regarding dividends passed by the general meeting of shareholders, board of directors, or other body with decision-making authority of the issuing company.

3. Standard for recording revenues from contracts with customers

The primary performance obligation of the Bank's and its consolidated subsidiaries' principal business with respect to revenue arising from contracts with customers is the provision of services related to financial services, with revenue recognized primarily at the time the promised services are delivered to the customer, in the amount expected to be received in exchange for such services.

q. Hedge accounting

1. Interest rate risk hedges

The Bank uses deferral hedges described in "Accounting and auditing for the application of financial instrument accounting standards in banking" (Operational Guidelines No. 24 of the Industry-Specific Committee of the Japan Institute of Certified Public Accountants, March 17, 2022. Hereinafter, the "Operational Guidelines No. 24 of the Industry-Specific Committee.") to hedge interest rate risks generated by the Bank's financial assets and liabilities. The effectiveness of hedges to offset market fluctuations is assessed for each hedged item (for example, deposits and loans) and its hedging instrument (such as interest rate swaps). Concerning hedges to fix cash flows, the Bank identifies hedged items by grouping them based on interest rate indexes and on interest rate revision periods in accordance with Report No. 24 of the Industry Audit Committee, and specifies interest rate swaps as hedging instruments. The Bank specifies hedges in such a way that the major conditions of hedged

items and hedging instruments are almost the same, so we believe that our hedges are highly effective.

2. Exchange rate fluctuation risk hedges

The method of accounting used for the hedging of foreign currency fluctuation risk arising from the bank's foreign currency-denominated financial assets and liabilities is to treat it as a deferred hedge as specified in the "Accounting and audit handling of accounting for foreign currency-denominated transactions in the banking industry" (Operational Guidelines No. 25 of the Industry-Specific Committee of the Japan Institute of Certified Public Accountants October 8, 2020. Hereinafter, the "Operational Guidelines No. 25 of the Industry-Specific Committee.") We assess the effectiveness of the hedge by regarding currency swaps and foreign exchange swaps, which are conducted to reduce or eliminate exchange rate fluctuation risks generated by monetary claims and liabilities in foreign currencies, etc., as hedging instruments and by checking whether or not we have appropriate foreign currency positions for the hedging instruments to meet the hedged items (monetary claims and liabilities in foreign currencies, etc.).

r. Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents consist of cash and due from the Bank of Japan.

s. Principles and procedures of accounting treatment adopted when the provisions of the relevant accounting standards, etc. are not clear.

Cancellation of investment trusts

Gains and losses associated with the cancellation / redemption of investment trusts are aggregated for the entire investment trust, and in the case of an overall profit including any distributions of profit made during the period, it is recorded as a "interest and dividends on securities" of "interest income," and in case of an overall loss, it is recorded as "other ordinary expense."

t. Significant Accounting Estimates

The following sets forth the items for which an amount is recorded in the consolidated financial statements for the current consolidated fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the next consolidated fiscal year.

allowance for doubtful accounts

1. Amount recorded in the consolidated financial statements for the current consolidated fiscal year.

	current consolidated fiscal year (March 31, 2022)
allowance for doubtful accounts	¥ 8,971 million (\$ 73,303 thousand)

Information to better understand the content of significant accounting estimates that relate to certain identified items.

1) Calculation method

The calculation method for determining the allowance for doubtful accounts is described in "g. Allowance for loan losses" of "3. Summary of Significant Accounting Policies". It is our assessment that the past loan loss ratio is sufficient for purposes of estimating future losses, and so we calculated the estimated future losses based on the relevant loan loss ratio and recorded the allowance for doubtful accounts.

2) Key assumptions

a. The timing for the Covid19 situation to return to normal and its impact
Since it will take a considerable period of time for the Covid19 situation to return to normal, it is our assumption that it will have some impact on the economic activities in our core business region.

b. The future outlook for individual debtor performance, etc. in determining debtor classification

In determining debtor classification, the repayment ability of individual debtors is evaluated and the future outlook for business performance, etc., is assumed, taking into account the time needed for the above-referenced Covid19 situation to return to normal and its impact. If the debtor has prepared a management improvement plan, etc., the future outlook for business performance, etc. is assumed based on an assessment of the management improvement plan, etc.

3) Impact on consolidated financial statements during the next consolidated fiscal year

If the assumptions used in the initial estimation change due to changes in the business environment surrounding the debtor, such as the effect of Covid19 or the success or failure of individual debtors' business strategies, it may have a significant impact on the amount recorded for

allowance for doubtful accounts during the next consolidated fiscal year.

u. Changes in accounting policy

(Application of Accounting Standard for Revenue Recognition, etc.) Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Accounting Standard for Revenue Recognition") was applied from the beginning of the current fiscal year, and revenue was recognized when control of the goods or services was transferred to the customer, in the amount expected to be received in exchange for the promised goods or services.

Regarding the application of accounting standard for revenue recognition, in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current consolidated fiscal year is added to or deducted from retained earnings at the beginning of the current consolidated fiscal year, and the new accounting policy is applied from such beginning balance.

The effect of this change on the current consolidated financial statements is immaterial.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, "Revenue Recognition-Related" notes for the previous consolidated fiscal years are not presented.

(Application of Accounting Standard for Fair Value Measurement)

The "Accounting Standard for Measurement of Fair Value" (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Accounting Standard for Measurement of Fair Value") etc. was applied from the beginning of the current consolidated fiscal year. In accordance with the transitional treatment stipulated in Section 19 of the Accounting Standard for Measurement of Fair Value and Section 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Accounting Standard for Measurement of Fair Value will be applied prospectively.

There is no impact on the consolidated financial statements. In addition, in the notes to "Financial Instrument related," the Bank has decided to provide notes on items such as the breakdown of the market value of financial instruments by level. However, in accordance with the transitional treatment prescribed in paragraph 7-4 of the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), such notes for the previous consolidated fiscal years are not included.

v. Accounting standards issued but not yet effective

"Guidance on Accounting Standard for Fair Value Measurement" (Revised ASBJ Guidance No. 31, June 17, 2021)("the new standard")

1. Overview

The new standard establishes the handling of calculation of the fair value of investment trusts and notes thereto, as well as the handling of the fair value of investments in partnerships, etc., in which the net amount of equity ownership is recorded on the balance sheet.

2. Expected date for it to be applied

The Bank plans to apply the new standard from the beginning of the fiscal year ending March 31, 2023.

3. The impact of the application of the new standard

In accordance with the new standard, non-marketable investment trusts that invest in a pool of properties as underlying assets are measured at fair value.

w. Additional information

The Bank has implemented a BIP (Board Incentive Plan) trust for directors using the trust framework to grant Bank stock as director compensation, with the aim of motivating directors to more strongly commit to the medium - to long - term contribution to the Bank's corporate value and improvement of the Bank's business performance.

1. Summary of the transaction

Pursuant to the Stock Grant Rules of the Bank, points are allotted to each director based upon level of achievement of business performance goals each fiscal year and based upon individual position, and the Bank stock and the money equivalent to the converted value of the Bank stock based on the points are granted and delivered through the trust at the time of leaving the Bank.

2. Matters regarding the Bank stock held by the trust

(1) The Bank's stock held by the trust is recorded as treasury stock as part of shareholder's equity at the trust's book value.

(2) The trust's book value was ¥212 million (\$1,734 thousand) and ¥149 million at March 31, 2022 and 2021, respectively.

(3) The number of Bank stocks held by the trust was 149 thousand shares and 70 thousand shares at March 31, 2022 and 2021, respectively.

4. Stock or Contributed Capital of Non-Consolidated Subsidiaries and Affiliated Companies

Stock or contributed capital of non-consolidated subsidiaries and affiliated companies totaled ¥1,119 million (\$9,146 thousand) and ¥1,155 million at March 31, 2022 and 2021, respectively.

5. Government Bonds and Local government bonds with Lending Agreements

The "securities" include government bonds and local government bonds lent through unsecured lending agreements. Their amount totaled ¥17,698 million (\$144,605 thousand) and ¥33,075 million at March 31, 2022 and 2021, respectively.

6. Loans and Bills Discounted

(i) Claims pursuant to the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Claims include corporate bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part, and where the corporate bond was issued by private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) within the "securities" in the consolidated balance sheets, loans, foreign exchange, "other assets" including those recorded in accounts for accrued interest, suspense payments and collateral for acceptances and guarantees; and if there are securities recorded in the notes that are being loaned, such securities (limited to those under a lease or rental agreement).

	2022		2021		2022	
	(Millions of yen)		(Millions of yen)		(Thousands of U.S. dollars)	
Total bankruptcy reorganization claims and similar claims	¥	3,154	¥	6,084	\$	25,776
Total doubtful claims		11,576		11,690		94,588
Total claims that are delinquent for over three months		—		33		—
Total restructured claims		6,586		6,969		53,815
Total Amount		21,317		24,778		174,180

Bankruptcy recognition claims and similar claims are claims against debtors who have fallen into bankruptcy due to initiation of bankruptcy proceedings, reorganization proceedings, petition for commencement of rehabilitation proceedings, etc., and other similar claims.

Doubtful claims are claims for which the debtor has not yet entered into bankruptcy, but the financial condition and business performance of the debtor have deteriorated and it is highly probable that the principal cannot be collected and interest cannot be received in accordance with the contract, and which do not fall under claims in bankruptcy, reorganization or similar cases.

Claims that are delinquent for over three months are loans with principal or interest unpaid for over three months from the day after the agreed-upon payment date, and do not fall under the category of bankrupt, reorganization or similar claims or doubtful claims.

Restructured claims are loans for which concessions favorable to the debtor were provided with the intent of supporting the debtor's restructuring, such as by reducing or exempting interest, postponing principal or interest payments, claim forgiveness, or providing other concessions to the debtor, and exclude claims in bankruptcy or reorganization or similar claims, doubtful claims, and claims delinquent for over three months.

The above claim amounts are before deduction based on allowance for doubtful accounts.

(Change in Presentation Method)

In accordance with the "Cabinet Office Ordinance Partially Amending Enforcement Regulations of the Banking Act" (Cabinet Office Ordinance No. 3, January 24, 2020), which came into effect on March 31, 2022, the classification, etc. of "risk-monitored claims" under the Banking Act is presented in accordance with the classification, etc. of disclosed claims under the Act on Emergency Measures for Revitalization of Financial Functions.

(ii) Bills discounted are accounted for as financial transactions in accordance with "Operational Guidelines No.24 of the Industry-Specific Committee". The Bank has rights to sell or pledge accepted banker's acceptance bills, commercial bills discounted, documentary bills and foreign exchange bought without restrictions. The face value of banker's acceptance bills, commercial bills, documentary bills acquired at a discount and foreign exchange bought at a discount was ¥2,776 million (\$22,684 thousand) and ¥2,564 million as of March 31, 2022 and 2021, respectively.

(iii) Overdraft protection on current accounts and contracts for loan commitments are agreements under which the Bank and the consolidated subsidiaries are bound to extend loans up to a prearranged amount, at the request of the customer, unless the customer is in breach of contract. The unutilized balance of such contracts amounted to ¥542,478 million (\$4,432,377 thousand) and ¥562,374 million as of March 31, 2022 and 2021, respectively, of which the balance of contracts that have a term of one year or less are unconditionally cancelable at any time was ¥508,979 million (\$4,158,671 thousand) and ¥525,014 million as of March 31, 2022 and 2021, respectively. Since many of these contracts are scheduled to expire without the rights having been exercised, any unutilized balance in itself does not necessarily affect the future cash flows of the Bank or its consolidated subsidiaries. A provision is included in many of these contracts which entitles the Bank and the consolidated subsidiaries to refuse the execution of such loans, or to reduce the maximum amount loaned under such contracts when there is a change in the borrower's financial situation, or when it is necessary to secure a claim, or when other similar factors arise. In addition, the Bank and its consolidated subsidiaries obtain, if needed, real estate or securities as collateral at the time when the contracts are entered into and subsequently monitor the borrower's financial condition periodically based on, and in accordance with, the procedures established. If deemed necessary, specific measures such as amendments to the contracts are undertaken in order to control the credit risk.

7. Assets Pledged

Pledged assets and liabilities related to pledged assets as of March 31, 2022 and 2021 are summarized as follows:

	2022	2021	2022
	(Millions of yen)		(Thousands of U.S. dollars)
Pledged assets:Securities	¥ 260,439	¥ 220,901	\$ 2,127,945
Loans and bills discounted	¥ 347,966	¥ 173,334	\$ 2,843,094
Liabilities related to the above pledged assets			
Deposits	¥ 23,464	¥ 19,139	\$ 191,718
Payable under securities lending transactions	¥ 39,547	¥ 8,318	\$ 323,130
Borrowed money	¥ 381,964	¥ 253,178	\$ 3,120,879

In addition, securitized totaling ¥4,938 million (\$40,347 thousand) and ¥6,424 million were pledged as collateral for settlement of exchange and futures transactions at March 31, 2022 and 2021, respectively.

Cash collateral paid for financial instruments included in other assets was ¥1,684 million (\$13,759 thousand) and ¥854 million at March 31, 2022 and 2021, respectively.

Deposits included in other assets as of March 31, 2022 and 2021 were ¥206 million (\$1,688 thousand) and ¥209 million, respectively.

Initial margins of central counterparty included in other assets was ¥20,000 million (\$163,412 thousand) and ¥25,000 million at March 31, 2022 and 2021, respectively.

8. Land Revaluation

Pursuant to the "Law Concerning the Land Revaluation" (the "Law"), land used for the Bank's business operations was revalued on March 31, 2002. The excess of the revalued aggregate market value over the total book value (carrying amount) before revaluation was included in net assets at an amount net of the related tax effect at March 31, 2002. The corresponding income taxes were included in liabilities at March 31, 2002 as deferred tax liability on revalued land.

The Land revaluation was determined based on two methods, the official prices published by the Commissioner of the National Tax Authority in accordance with Article 2, Paragraph 4 of the "Enforcement Ordinance Concerning Land Revaluation," with certain necessary adjustments, and appraisal by a real estate appraiser.

The difference between the total fair value of land for business operation purposes, which was revalued in accordance with Article 10 of the Law, and the total book value of the land after the revaluation was ¥2,729 million (\$22,303 thousand) and ¥2,899 million at March 31, 2022 and 2021, respectively.

9. Accumulated Depreciation

Accumulated depreciation totaled ¥24,731 million (\$202,070 thousand) and ¥24,965 million at March 31, 2022 and 2021, respectively.

10. Recorded Reduction in Value of Property, plant and equipment

The recorded reduction in value of property, plant and equipment was ¥1,832 million (\$14,969 thousand) and ¥1,931 million at March 31, 2022 and 2021, respectively. During the current consolidated fiscal year there were no new property, plant and equipment for which the book value was reduced in value.

11. Guarantee Obligations in Respect of the Corporate Bonds

Among the corporate bonds included in the "securities", the guarantee obligations in respect of the corporate bonds pursuant to private offering securities (Article 2, paragraph 3 of the Financial Instruments and Exchange Act) were ¥19,725 million (\$161,170 thousand) and ¥18,257 million at March 31, 2022 and 2021, respectively.

12. Other Income

Other income includes gain on sales of equity securities etc. of ¥1,123 million (\$9,181 thousand) and ¥1,639 million at March 31, 2022 and 2021, respectively.

13. General and Administrative Expenses

General and Administrative Expenses include salary and benefits of ¥9,189 million (\$75,082 thousand) and ¥9,271 million, Periodic pension costs of ¥△24 million (\$△200 thousand) and ¥794 million, and outsourcing costs of ¥2,500 million (\$20,428 thousand) and ¥2,461 million at March 31, 2022 and 2021, respectively.

14. Other Expenses

Other expenses include loss on sales of equity securities etc. of ¥1,270 million (\$10,381 thousand) and ¥438 million at March 31, 2022 and 2021, respectively.

15. Impairment Loss

For the following branch businesses, etc., where the investment amount cannot be expected to be recovered due to a decrease in cash flow due to a decrease in operating income, a decline in land prices, and a decision to consolidate branches etc., the book value is reduced to the recoverable amount, and the reduction is recorded as an extraordinary loss in the form of an impairment loss.

Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
(Millions of yen)

Classification	Main Use, etc.	Type	Place	Impairment loss
Working assets	5 branch businesses	land and buildings	Yamagata Prefecture	¥ 162 (of which land 102)
Total				¥ 162

Current consolidated fiscal year (from April 1, 2021 to March 31, 2022)
(Thousands of U.S. dollars)

Classification	Main Use, etc.	Type	Place	Impairment loss
Working assets	5 branch businesses	land and buildings	Yamagata Prefecture	\$ 1,323 (of which land 834)
Total				\$ 1,323

Preceding consolidated fiscal year (from April 1, 2020 to March 31, 2021)
(Millions of yen)

Classification	Main Use, etc.	Type	Place	Impairment loss
Working assets	20 branch businesses	land and buildings	Yamagata Prefecture	¥ 536 (of which land 457)
Working assets	1 branch business	building	Miyagi Prefecture	¥ 3 (of which land --)
Total				¥ 540

As for the shop businesses, since their financial balance is continuously monitored for each shop business on a shop-by-shop basis (however, for business office groups that operate jointly, on a group unit basis), a group and shop constitutes the smallest grouping unit, and for idle assets, each asset constitutes the smallest grouping unit. Headquarters, office centers, company housing, dormitories, etc. are categorized as shared assets since they do not generate independent cash flow. The recoverable amount of the asset group is measured based on its the net sale price. The net sale price considers the importance of assets, and its calculation is mainly based on "Real Estate Appraisal Standards" and "the price calculated by the method established and announced by the Commissioner of the National Tax Agency to calculate the price of land, which is the basis for calculating the taxable value of land for the land value tax stipulated in Article 16 of the Land Value Tax Act."

16. Other Comprehensive Income

Reclassification adjustments and tax effects allocated to other comprehensive income for the year ended March 31, 2022 and 2021 are summarized as follows:

	2022		2021		2022	
	(Millions of yen)		(Thousands of U.S. dollars)			
Valuation difference on available -for- sale securities:						
Amount arising during the year	¥ (18,637)	¥ 11,843	\$ (152,281)			
Reclassification adjustments	6,055	(169)	49,474			
Amount before tax effect	(12,582)	11,673	(102,807)			
Tax effect	3,829	(3,471)	31,288			
Valuation difference on available -for- sale securities:	(8,753)	8,202	(71,518)			
Deferred gains or losses on hedges:						
Amount arising during the year	1,130	2,233	9,235			
Reclassification adjustments	(1,611)	1,259	(13,168)			
Amount before tax effect	(481)	3,493	(3,932)			
Tax effect	146	(1,065)	1,199			
Deferred gains or losses on hedges	(334)	2,427	(2,732)			
Retirement benefits liability adjustments:						
Amount arising during the year	1,591	1,537	13,000			
Reclassification adjustments	(37)	719	(308)			
Amount before tax effect	1,553	2,256	12,692			
Tax effect	(473)	(688)	(3,871)			
Retirement benefits liability adjustments	1,079	1,568	8,821			
Total other comprehensive income	¥ (8,008)	¥ 12,198	\$ (65,430)			

17. Stocks Issued

The number of stocks issued and changes during the year ended March 31, 2022 and 2021 are summarized as follows:

	Thousands of stocks		Thousands of stocks	
	2022	2021	2022	2021
Beginning of the year	1,390	34,000	1,404	34,000
Increase during the year	635 ^{*3}	—	0 ^{*5}	—
Decrease during the year	1,506 ^{*4}	1,500 ^{*1}	14 ^{*6}	—
End of the year	520 ^{*2}	32,500	1,390 ^{*7}	34,000

*1 The decrease of 1,500 thousand shares in the number of issued shares of common stock is due to the cancellation of 1,500 thousand shares by resolution of the Board of Directors in accordance with Article 178 of the Companies Act.

*2 The number of shares of treasury stock as of the end of the current consolidated fiscal year includes 149 thousand shares of the Bank's stock held by the BIP trust for directors' remuneration.

*3 The increase of 635 thousand shares of common stock as treasury stock consists of an increase of 0 thousand shares due to the purchase of odd-lot shares, an increase of 84 thousand shares due to the acquisition of the Bank's shares by the BIP trust for directors' compensation, and an increase of 550 thousand shares due to the purchase by resolution of the Board of Directors in accordance with the Articles of Incorporation.

*4 The decrease of 1,506 thousand shares of common stock as treasury stock is due to a decrease of 6 thousand shares by delivery of the Bank's shares by the BIP trust for directors' remuneration and a decrease of 1,500 thousand shares by cancellation of shares by resolution of the Board of Directors pursuant to Article 178 of the Companies Act.

*5 The increase of less than thousand in treasury stock, which is common stock, was due to the purchase of fractional numbers of less than one unit.

*6 The decrease of 14 thousand in treasury stock, which is common stock, was due to the delivery of the Bank's stock from board incentive BIP trust.

*7 The number of treasury stock as of the end of consolidated fiscal year includes 70 thousand of the Bank's stock held by the board incentive BIP trust.

18. Dividends

Dividends for the year ended March 31, 2022 and 2021 are summarized as follows:

	2022			
	November 10, 2021		May 13, 2021	
	Resolution by the board of directors		Resolution by the board of directors	
Total dividends	¥ 490 million	\$ 4,005 thousand	¥ 490 million	\$ 4,005 thousand
Dividend per share	¥ 15.00	\$ 0.123	¥ 15.00	\$ 0.123
Record date	September 30, 2021	September 30, 2021	March 31, 2021	March 31, 2021
Effective date	December 3, 2021	December 3, 2021	June 4, 2021	June 4, 2021

	2021			
	November 10, 2020		May 14, 2020	
	Resolution by the board of directors		Resolution by the board of directors	
Total dividends	¥ 490 million		¥ 490 million	
Dividend per share	¥ 15.00		¥ 15.00	
Record date	September 30, 2020		March 31, 2020	
Effective date	December 4, 2020		June 5, 2020	

Dividends for which the Record date belonged to the year ended March 31, 2022 and 2021 but to be effective in the following year are summarized as follows:

	2022		2021	
	May 13, 2022		May 13, 2021	
	Resolution by the board of directors		Resolution by the board of directors	
Total dividends	¥ 642 million	\$ 5,250 thousand	¥ 490 million	
Dividend per share	¥ 20.00	\$ 0.163	¥ 15.00	
Record date	March 31, 2022	March 31, 2022	March 31, 2021	
Effective date	June 6, 2022	June 6, 2022	June 4, 2021	

Total dividends above include 2 millions and 1 million yen for the stocks held by the board incentive BIP trust in 2022 and 2021, respectively.

Dividends are recorded in the fiscal year in which the proposed appropriation of retained earnings is approved by the Board of Directors and by the general meeting of shareholders. There is a limit on dividends under Article 18 of the Banking Act. An amount equal to 20% of the aggregated amount of dividends shall be set aside as a legal reserve or legal capital surplus, regardless of Article 445-4 of the Companies Act of Japan.

19. Cash Flows

Cash and cash equivalents stated in the consolidated statement of cash flows consisted of the following:

	2022		2021		2022	
	(Millions of yen)		(Thousands of U.S. dollars)			
Cash and due from banks	¥ 646,471	¥ 394,592	\$ 5,282,065			
Current deposits	(149)	(87)	(1,224)			
Ordinary deposits	(246)	(377)	(2,013)			
Time deposits	(10,000)	(12,000)	(81,709)			
Deposits with Japan Post Bank	(128)	(193)	(1,049)			
Others	(6)	(5)	(49)			
Cash and cash equivalents	¥ 635,940	¥ 381,927	\$ 5,196,018			

20. Leases

(As lessee)

Finance Lease transaction

Finance lease transactions that do not transfer ownership.

① Description of lease asset

Property, plant and equipment

Primarily, a portion of vehicles and electronic computers.

② Method of depreciation of lease assets

As stated in the "f. Leased assets" of "3. Summary of Significant Accounting Policies".

(As lessor)

Investments in leased assets at March 31, 2022 and 2021 are summarized as follows:

	2022	2021	2022
	(Millions of yen)	(Millions of yen)	(Thousands of U.S. dollars)
Gross lease receivables	¥ 13,618	¥ 14,727	\$ 111,274
Estimated residual values	1,205	1,219	9,846
Unearned interest income	(1,735)	(1,981)	(14,181)
Investments in leased assets	<u>¥ 13,088</u>	<u>¥ 13,964</u>	<u>\$ 106,939</u>

Maturities of lease receivables at March 31, 2022 are as follows:

Years ending March 31	(Millions of yen)	(Thousands of U.S. dollars)
2023	¥ 4,246	\$ 34,697
2024	3,398	27,765
2025	2,527	20,652
2026	1,755	14,343
2027	962	7,864
2028 and thereafter	728	5,950

Maturities of lease receivables at March 31, 2021 are as follows:

Years ending March 31	(Millions of yen)
2022	4,407
2023	3,572
2024	2,721
2025	1,858
2026	1,135
2027 and thereafter	1,030

21. Financial Instruments

1. Matters relating to the state of financial instruments

(1) Policy for financial instruments

The Bank provides financial services mainly connected with the banking business including deposits, loans, buying and selling trading securities and security investments. In the banking business, which is the main business of the Bank, funds are raised by means such as accepting deposits and borrowing money from the call money market, and are invested by providing loans and buying securities. Financial assets and liabilities are susceptible to interest rate fluctuations, so the Bank bears market risk, which is the risk of loss caused by changes in financial market conditions (for example, interest rate risk and price fluctuation risk), and the risk of failing to raise sufficient funds.

The Bank performs comprehensive asset and liability management (ALM) to appropriately control the balance of profit and risk in a way that suits fund raising and investment policy as well as taking into consideration the state of assets and liabilities and the trends of the financial and capital markets. The Bank uses derivatives as part of such management.

(2) Nature and risk of financial instruments

The Bank's financial assets consist mainly of loans to domestic companies and individuals, and the Bank is exposed to the credit risks arising from customers defaulting on their loans. Securities mainly consist of stocks, bonds and investment trusts, some of which are held until the maturity date, others are held for purposes such as investment and business promotion. Those securities are exposed to credit risk of the relevant issuer, the risks of fluctuations in interest rates and market prices.

Deposits, call money, etc., those are financial liabilities are exposed

to interest rate fluctuation risks caused by differences in interest rates and the periods between financial liabilities and financial assets. Financial liabilities are also exposed to the funding risk of loss due to inability to raise funds, because of reasons such as unexpected outflow of funds, and by raising funds at interest rates much higher than the normal rate because of unavoidable reasons; and the market liquidity risk of loss caused by the inability to raise the required funds because of disruption such as a credit crunch in the entire market and by trading at prices greatly disadvantageous compared with the normal price.

(3) Risk management for financial instruments

i. Credit risk management

The Bank measures the risk amount through credit judgments, credit ratings and self-assessments, attaching importance to the public good, safety, growth potential and profitability, and controls the risk on the principle of elimination of concentration on specific customers, in accordance with credit policy (lending standards), which states the basic ideas about lending, the code of conduct and other matters, and with the credit risk management rules, which specify credit risk management methods.

The Bank's credit review division and sales promotion division are separated to ensure independence of each other and stringent credit risk management.

The Bank conducts rigorous self-assessment, which includes audits by the audit division, in order to secure the soundness of the assets. Based on the results, the Bank appropriately writes off bad debts and sets aside reserves.

The Bank has a credit rating system for business loans to understand the true state of companies from both quantitative and qualitative aspects.

To reduce and offset credit risk, the Bank receives collateral and guarantees for lending transactions and offsets loans against deposits. The Bank's basic approach to security is stated in the credit policy, and security assessments, management policies and procedures are set out in the operation manual.

Measurement method and procedures for credit risk amount are stipulated in the operation manual and the risk is measured monthly based on the borrower's credit rating and other factors. The results are reported to the ALM Council (the board of managing directors).

ii. Market risk management

a. Interest rate risk management

The Bank's interest rate fluctuation risk is managed by ALM. Risk management methodology and procedures are stated in detail in the rules and manuals related to ALM. Present conditions are checked, state of execution is checked and future actions are discussed by the ALM Council, based on the outcome of the deliberations of the ALM Committee.

Risks are monitored using methodology such as basis point value (BPV) and value at risk (VaR), and mainly with gap analyses and interest rate sensitivity analyses, and the results are reported monthly to the ALM Council. As part of ALM, derivatives such as interest rate swap transactions are conducted to hedge interest rate risks.

b. Price fluctuation risk management

Trading and management of investment instruments such as securities are performed in accordance with the investment policy and risk management policy as determined by the board of directors on a semi-annual basis. The middle section of the Financial Markets Division and the Risk Management Division measure market risk for securities investments quantitatively and comprehensively using VaR, etc. The results are reported to the relevant directors, the ALM Council, etc., with the frequency set for each financial instrument to check the state of compliance with the rule.

c. Quantitative information concerning market risk

The principal financial instruments that are subject to interest rate risk and price fluctuation risk, which are the main risk variables affecting the Bank, are loans and bills discounted, securities, deposits and derivative transactions.

The variance-covariance method (holding period: 90 days*, confidence interval: 99%, observation period: 250 business days) was used for the calculation of VaR, the market risk volume. The volume of overall market risk (estimated loss) as of March 31, 2022 (consolidated accounts settlement date) and 2021 was ¥45,460 million (\$371,443 thousand) and ¥44,492 million, respectively.

The Bank believes that the measurement model estimates market

risk with sufficient accuracy because the Bank examines the model by means such as performing backtesting to compare the VaR calculated using the model with the actual profit and loss. However, VaR measures market risk volume with a certain probability that is calculated statistically based on historical market movements, and therefore VaR may fail to represent risk in the case of exceptionally drastic change in market conditions.

* Holding period for shares purchased for business relationships, which are included in the securities: 125 days.

iii. Liquidity risk management

Sections managing liquidity risks at the Bank are clearly stated in the liquidity risk management rules that stipulate the liquidity risk management procedures, system and so on. The Bank has a management system to secure sufficient liquidity in case of unexpected events by setting liquidity standards for various cases including times of normality, times of concern, and times of emergency.

(4) Supplementary explanation of fair values of financial instruments

Fair value of financial instruments includes market price as well as reasonably determined value where market price is unavailable. The reasonably determined value could differ depending on different conditions and assumptions because calculation of such value is conducted based on certain conditions and assumptions.

2. Fair value of financial instruments

The amount recorded on the consolidated balance sheet, fair value and the difference are as follows. Equity securities that do not have a market price and investments in partnerships are not included in the following table (see (Note 1)). Cash deposits, call loans and bills bought, call money and bills sold, and cash received as collateral under securities lending transactions are settled within a short period of time and their fair value approximates their book value; therefore, notes to these items are omitted.

<March 31, 2022> (Millions of yen)

	Carrying amount	Fair value	Difference
(1) Securities			
Held-to-maturity bonds	¥ 19,725	¥ 19,915	¥ 189
Available-for-sale securities	1,045,532	1,045,532	—
(2) Loans and bills discounted	1,709,107		
Allowance for loan losses (*1)	(8,244)		
	1,700,862	1,716,975	16,112
Total assets	2,766,121	2,782,423	16,302
(1) Deposits	2,707,646	2,707,656	9
(2) Negotiable certificates of deposit	96,408	96,408	—
(3) Borrowed money	386,868	386,894	26
Total liabilities	3,190,923	3,190,959	36
Derivative transactions (*2)			
To which hedge accounting is not applied	(358)	(358)	—
To which hedge accounting is applied (*3)	(1,737)	(1,737)	—
Total derivatives	¥ (2,096)	¥ (2,096)	¥ —

<March 31, 2022> (Thousands of U.S. dollars)

	Carrying amount	Fair value	Difference
(1) Securities			
Held-to-maturity bonds	\$ 161,170	\$ 162,721	\$ 1,551
Available-for-sale securities	8,542,634	8,542,634	—
(2) Loans and bills discounted	13,964,437		
Allowance for loan losses (*1)	(67,363)		
	13,897,074	14,028,720	131,646
Total assets	22,600,878	22,734,076	133,198
(1) Deposits	22,123,103	22,123,183	80
(2) Negotiable certificates of deposit	787,713	787,713	—
(3) Borrowed money	3,160,945	3,161,164	218
Total liabilities	26,071,762	26,072,061	298
Derivative transactions (*2)			
To which hedge accounting is not applied	(2,929)	(2,929)	—
To which hedge accounting is applied (*3)	(14,199)	(14,199)	—
Total derivatives	\$ (17,128)	\$ (17,128)	\$ —

(*1) General reserve and specific allowance for loan losses corresponding to loans and bills discounted are deducted.

(*2) Derivative transactions recorded in other assets and other liabilities are presented on a net basis.

(*3) Interest rate swaps, etc., designated as hedging instruments to offset market fluctuations of securities, etc., which are hedged, are recorded as deferred hedges. "Treatment of Hedge Accounting for Financial Instruments Referring to LIBOR" (Practical Issues Task Force No. 40, March 17, 2022) is applied to these hedging relationships.

<March 31, 2021> (Millions of yen)

	Carrying amount	Fair value	Difference
(1) Securities			
Held-to-maturity bonds	¥ 18,035	¥ 18,336	¥ 300
Available-for-sale securities	863,311	863,311	—
(2) Loans and bills discounted	1,739,782		
Allowance for loan losses (*1)	(9,189)		
	1,730,592	1,751,379	20,786
Total assets	2,611,939	2,633,026	21,087
(1) Deposits	2,579,349	2,579,380	31
(2) Negotiable certificates of deposit	80,834	80,834	—
(3) Borrowed money	258,073	258,102	29
Total liabilities	2,918,257	2,918,318	60
Derivative transactions (*2)			
To which hedge accounting is not applied	22	22	—
To which hedge accounting is applied	(1,252)	(1,252)	—
Total derivatives	¥ (1,230)	¥ (1,230)	¥ —

Note 1 The amount recorded on the consolidated financial statement for equity securities that do not have a market price or investments in partnerships are as follows, and these were not included among "available-for-sale securities" in the fair value information of financial instruments.

Category	Carrying amount		
	2022 (Millions of yen)	2021 (Millions of yen)	2022 (Thousands of U.S. dollars)
Unlisted stocks (*1)(*2)	¥ 2,273	¥ 1,776	\$ 18,576
Investment in partnerships (*3) and others	19,972	18,389	163,184
Total	¥ 22,245	¥ 20,165	\$ 181,761

(*1) Unlisted stock are not subject to fair value disclosure based on paragraph 5 of "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 March 31, 2020).

(*2) Impairment accounting was applied to unlisted stock of ¥0 million in the previous consolidated fiscal year. Impairment accounting was applied to unlisted stock of ¥1 million (\$ 9 thousand) in the current consolidated fiscal year.

(*3) Investment in partnerships are not subject to fair value disclosure based on paragraph 27 of "Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)

Note 2 Scheduled redemption amounts of financial assets and securities with maturities
<March 31, 2022>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Securities	¥ 46,332	¥ 140,104	¥ 117,337	¥ 92,381	¥ 296,799	¥ 240,230
Held-to-maturity bonds	1,794	4,989	8,382	4,559	—	—
Corporate bonds	1,794	4,989	8,382	4,559	—	—
Available-for-sale securities with a maturity date	44,537	135,115	108,955	87,822	296,799	240,230
Government bonds	19,608	29,338	—	3,390	25,012	71,016
Local government bonds	—	4,896	10,856	42,863	105,338	30,958
Corporate bonds	12,012	19,985	26,158	11,581	17,716	23,881
Other	12,916	80,895	71,940	29,987	148,731	114,374
Loans and bills discounted(*)	371,093	306,825	249,657	162,601	168,557	431,460
Total	¥ 417,425	¥ 446,930	¥ 366,995	¥ 254,982	¥ 465,356	¥ 671,690

*Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "Legally bankrupt" borrowers, loans to "Virtually bankrupt" borrowers, and loans to "Possibly bankrupt" borrowers, amounting to ¥18,912 million (\$154,522 thousand) is not included in the above table.

<March 31, 2022>

(Thousands of U.S. dollars)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Securities	\$ 378,561	\$ 1,144,740	\$ 958,718	\$ 754,814	\$ 2,425,030	\$ 1,962,828
Held-to-maturity bonds	14,665	40,763	68,489	37,251	—	—
Corporate bonds	14,665	40,763	68,489	37,251	—	—
Available-for-sale securities with a maturity date	363,896	1,103,976	890,229	717,562	2,425,030	1,962,828
Government bonds	160,215	239,714	—	27,700	204,368	580,243
Local government bonds	—	40,007	88,701	350,218	860,677	252,952
Corporate bonds	98,146	163,291	213,729	94,629	144,757	195,128
Other	105,534	660,964	587,798	245,014	1,215,227	934,504
Loans and bills discounted(*)	3,032,058	2,506,948	2,039,853	1,328,548	1,377,215	3,525,289
Total	\$ 3,410,620	\$ 3,651,689	\$ 2,998,572	\$ 2,083,362	\$ 3,802,245	\$ 5,488,117

<March 31, 2021>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Securities	¥ 24,618	¥ 105,816	¥ 110,072	¥ 73,835	¥ 273,910	¥ 190,399
Held-to-maturity bonds	1,396	4,938	6,782	4,918	—	—
Corporate bonds	1,396	4,938	6,782	4,918	—	—
Available-for-sale securities with a maturity date	23,222	100,878	103,290	68,916	273,910	190,399
Government bonds	9,074	42,225	7,165	—	25,730	75,485
Local government bonds	138	296	20,410	18,412	120,810	23,753
Corporate bonds	10,534	24,770	17,936	26,711	18,425	20,164
Other	3,474	33,586	57,776	23,792	108,944	70,995
Loans and bills discounted(*)	383,779	312,753	241,100	174,786	176,114	430,669
Total	¥ 408,398	¥ 418,570	¥ 351,173	¥ 248,621	¥ 450,025	¥ 621,068

*Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "Legally bankrupt" borrowers, loans to "Virtually bankrupt" borrowers, and loans to "Possibly bankrupt" borrowers, amounting to ¥20,577 million is not included in the above table.

Note 3 Scheduled repayment amounts of bonds, borrowed money and other interest bearing liabilities
<March 31, 2022>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits(*)	¥ 2,562,692	¥ 136,958	¥ 7,996	¥ —	¥ —	¥ —
Negotiable certificates of deposit	96,408	—	—	—	—	—
Borrowed money	383,704	2,135	889	135	3	—
Total	¥ 3,042,804	¥ 139,094	¥ 8,885	¥ 135	¥ 3	¥ —

*Demand deposits are included in "Due in 1 year or less".

<March 31, 2022>

(Thousands of U.S. dollars)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits(*)	\$ 20,938,738	\$ 1,119,031	\$ 65,333	\$ —	\$ —	\$ —
Negotiable certificates of deposit	787,713	—	—	—	—	—
Borrowed money	3,135,092	17,451	7,263	1,108	28	—
Total	\$ 24,861,544	\$ 1,136,482	\$ 72,597	\$ 1,108	\$ 28	\$ —

<March 31, 2021>

(Millions of yen)

	Due in 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years through 7 years	Due after 7 years through 10 years	Due after 10 years
Deposits(*)	¥ 2,451,673	¥ 119,411	¥ 8,264	¥ —	¥ —	¥ —
Negotiable certificates of deposit	80,834	—	—	—	—	—
Borrowed money	254,811	2,654	499	100	7	—
Total	¥ 2,787,320	¥ 122,066	¥ 8,764	¥ 100	¥ 7	¥ —

*Demand deposits are included in "Due in 1 year or less".

3. Matters concerning the breakdown of the fair value of financial instruments by level

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

Level 1 fair value: Of those inputs to the measurement of fair value that are observable, fair value that is calculated based on quoted market prices of the assets or liabilities that are being assessed for fair value, in which the fair value of concern is formed in an active market.

Level 2 fair value: Of those inputs to the measurement of fair value that are observable, fair value that is calculated using inputs relating to the measurement of fair value other than the level 1 inputs.

Level 3 fair value: Fair value that is measured using inputs for calculating fair value that are not observable.

When multiple inputs that have a significant impact on the measurement of fair value are used, among the various levels to which each of such inputs are classified, the fair value is classified at the level with the lowest priority in the calculation of fair value.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

Current Consolidated Fiscal Year (March 31, 2022)

(Millions of Yen)

(Thousands of U.S. dollars)

Classification	Fair Value				Fair Value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities								
Available-for-sale securities								
Government bonds, municipal bonds, etc.	¥ 148,366	¥ 194,913	¥ —	¥ 343,279	\$ 1,212,241	\$ 1,592,556	\$ —	\$ 2,804,798
Corporate Bonds	—	111,336	—	111,336	—	909,682	—	909,682
Stocks	34,180	—	—	34,180	279,276	—	—	279,276
Other	76,169	75,702	9,036	160,908	622,352	618,538	73,832	1,314,722
Total Assets	258,716	381,951	9,036	649,704	2,113,870	3,120,777	73,832	5,308,479
Derivative Related								
Interest Related	—	1,676	—	1,676	—	13,702	—	13,702
Currency Related	—	389	—	389	—	3,182	—	3,182
Credit Derivative	—	—	29	29	—	—	244	244
Total Liabilities	¥ —	¥ 2,066	¥ 29	¥ 2,096	\$ —	\$ 16,884	\$ 244	\$ 17,128

Regarding investment trusts, etc. subject to transitional measures under Article 5, Paragraph 6 of the Supplementary Provision of the "Cabinet Office Ordinance Partially Revising Regulations Concerning Terms, Shares and Preparation Method of Financial Statements" (Cabinet Office Ordinance No. 9, March 6, 2020), it is not included in the table above. The total for such investment trusts, etc. in the consolidated balance sheets is 395,828 million yen (\$3,234,154 thousand).

(2) Financial instruments other than financial instruments recorded on the consolidated balance sheet at fair value

Current Consolidated Fiscal Year (March 31, 2022)

(Millions of Yen)

(Thousands of U.S. dollars)

Classification	Fair Value				Fair Value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities								
Held-to-maturity bonds								
Corporate Bonds	¥ —	¥ —	¥ 19,915	¥ 19,915	\$ —	\$ —	\$ 162,721	\$ 162,721
Loans and bills discounted	—	24,525	1,692,449	1,716,975	—	200,391	13,828,329	14,028,720
Total Assets	—	24,525	1,712,364	1,736,890	—	200,391	13,991,050	14,191,442
Deposits	—	2,707,656	—	2,707,656	—	22,123,183	—	22,123,183
Negotiable certificates of deposit	—	96,408	—	96,408	—	787,713	—	787,713
Borrowed Money	—	382,056	4,837	386,894	—	3,121,635	39,529	3,161,164
Total Liabilities	¥ —	¥ 3,186,121	¥ 4,837	¥ 3,190,959	\$ —	\$ 26,032,532	\$ 39,529	\$ 26,072,061

(Note 1) Explanation of valuation methods used in the measurement of fair value and of inputs related to the measurement of fair value

Assets

(1) Securities

Securities for which unadjusted quoted market prices in active markets are available are classified as Level 1 fair value. This includes mainly listed stocks and government bonds. If the market is not active, in such case even if published quoted market prices are used, the market value is classified as Level 2 fair value. This includes mainly municipal bonds and corporate bonds.

Self-guaranteed private placement bonds are classified mainly into Level 3 based on internal ratings, etc. The total face value of the bonds and interest are discounted by the interest rate assumed when similar new private placement bonds are underwritten, for each classification based on internal ratings and term. For certain bonds included among the Other, the fair value is based on prices quoted by correspondent financial institutions, etc. However, if significant unobservable inputs are used, they are classified as Level 3 fair value.

Notes concerning securities regarding the purpose in holding it are described in "(Regarding Securities)."

(2) Loans and bills discounted

The fair value of loans and bills discounted is calculated mainly by discounting the total principal and interest by the interest rate assumed to be applied to similar new loans, by category based on the type of loan, internal rating, and term (remaining term or interest rate renewal term), and the fair value is classified as Level 3. For those with short remaining terms (one year or less), the book value is used as fair value because fair value approximates the book value.

For claims against bankrupt borrowers, substantially bankrupt borrowers, and potentially bankrupt borrowers, the estimated doubtful accounts are calculated based on the present value of estimated future cash flows or the amount expected to be collected through collateral and guarantees, etc. Since the fair value approximates the amount recorded on the consolidated balance sheets as of the balance sheet date less the amount of allowance for doubtful accounts, it is therefore classified as Level 3.

For loans and bills discounted that does not have a repayment date due to characteristics such as loan drawdown amount capped to the scope of pledged assets, the book value is used as the fair value because the fair value is assumed to approximate the book value based on the expected repayment period and interest rate terms, etc., and are classified as Level 3.

Liabilities

(1) Deposits, and Negotiable Certificates of Deposit

For deposits payable on demand, the amount that would be payable if payment were demanded on the consolidated balance sheet closing date (book value) is considered to be the fair value. The fair value of time deposits is calculated based on the present value of future cash flows discounted, as classified according to specified periods of time. The discount rate used is the rate used when accepting new deposits. For those with a short residual period (one year or less), the book value is used as fair value because fair value approximates the book value. These are classified as Level 2 fair value.

(2) Borrowed Money

The fair value of borrowing money is calculated by discounting the total principal and interest by the interest rate assumed for a similar new borrowing, by category based on the type of borrowing, internal rating, and term (remaining term or interest rate renewal term). For those with a short residual period (one year or less), the book value is used as fair value because fair value approximates the book value. These are mainly classified as Level 2 fair value.

(3) Derivative Transactions

Derivative transactions include interest rate related transactions (interest rate swaps, etc.) and currency related transactions (forward exchange contracts, currency options, currency swaps, etc.), etc. Exchange-traded transactions are valued at the closing price on the exchange, and over-the-counter transactions are valued based on discounted present value or based on option pricing models, etc. since no published quoted market price exists. The inputs used with the valuation techniques used to determine the value of OTC transactions are mainly interest rates, exchange rates, and volatility. Adjustment (CVA) for credit risk of counterparties in OTC transactions is not taken into account because the impact on fair value, etc. is minimal. Exchange-traded transactions are primarily classified as Level 1. OTC transactions are classified as Level 2 fair value if they do not use unobservable inputs or if their effects are not material, and these include interest rate swap transactions, foreign exchange forward contracts, etc. If significant unobservable inputs are used, they are classified as Level 3 fair value and these include credit derivative transactions.

(Note 2) Information about the fair value of Level 3 financial instruments recorded on the consolidated balance sheet at fair value.

(1) Quantitative information about significant unobservable inputs.

Current consolidated fiscal year (March 31, 2022)

Classification	Valuation methods	Important unobservable inputs	Range of inputs	Weighted average of inputs
Derivative transactions				
Credit derivative	Discounted present value method	Credit event occurrence rate	0.00% - 3.08%	1.17%

(2) Reconciliation table of opening balances to closing balances, valuation gains (losses) recognized as profit/loss for the period.

Current consolidated fiscal year (March 31, 2022)

(Millions of Yen)

	Opening balance	Profit (loss) or other comprehensive income for the current period		Net amount of purchases, sales, issuances and settlements	Change to level 3 fair value	Change from level 3 fair value (*3)	Balance at end of term	Within the recognized profit/loss for the current period, the amount of unrealized gains (losses) on financial assets and financial liabilities held as of date of the consolidated balance sheet. (*1)
		Recorded as profit/loss (*1)	Recorded as other comprehensive income (*2)					
Securities								
Available-for-sale securities								
Other	¥ 9,132	¥ —	¥ (36)	¥ 2,429	¥ —	¥ (2,488)	¥ 9,036	¥ —
Derivative transactions								
Credit/derivative	¥ (17)	¥ (11)	¥ —	¥ —	¥ —	¥ —	¥ (29)	¥ (29)

Current consolidated fiscal year (March 31, 2022)

(Thousands of U.S. dollars)

	Opening balance	Profit (loss) or other comprehensive income for the current period		Net amount of purchases, sales, issuances and settlements	Transfer to level 3 fair value	Transfer from level 3 fair value (*3)	Balance at end of term	Within the recognized profit/loss for the current period, the amount of unrealized gains (losses) on financial assets and financial liabilities held as of date of the consolidated balance sheet. (*1)
		Recorded as profit/loss (*1)	Recorded as other comprehensive income (*2)					
Securities								
Available-for-sale securities								
Other	\$ 74,614	\$ —	\$ (301)	\$ 19,852	\$ —	\$ (20,332)	\$ 73,832	\$ —
Derivative transactions								
Credit/derivative	\$ (146)	\$ (97)	\$ —	\$ —	\$ —	\$ —	\$ (244)	\$ (244)

(*1) Included in "Other ordinary expenses" in the consolidated statements of income.

(*2) Included in "Valuation difference on available-for-sale securities" in "Other comprehensive income" in the consolidated statements of comprehensive income.

(*3) The transfer from Level 3 fair value to Level 2 fair value is due to the availability of observable data for some of the foreign securities. The transfer was made at the end of the current consolidated fiscal year.

(3) Explanation of fair value measurement process

The Bank's risk management and market divisions have established policies and procedures regarding the measurement of fair value, and each division calculates fair value in accordance with these policies and procedures. The calculated fair value is verified by the risk management and markets divisions to ensure the validity of the valuation techniques and inputs used to calculate fair value and the suitability of the classification of the level of fair value.

The fair value is calculated using a valuation model that most appropriately reflects the nature, characteristics and risks of each investment. In cases where quoted market prices obtained from third parties are used, the Bank verifies the validity of the prices by confirming the valuation techniques and inputs used, comparing them with the market prices of similar financial instruments, and other appropriate methods.

(4) Explanation of the effect on fair value of any changes in significant unobservable inputs.

A significant unobservable input used in the calculation of the fair value of credit derivatives is the credit event rate. The credit event incidence rate is an estimate of the likelihood that a credit event will occur under a credit default swap contract and that the Bank will receive compensation for the loss. A significant increase (decrease) in the rate of credit event occurrence can result in a significant increase (decrease) in fair value.

22. Securities

Trading account securities, marketable securities classified as held-to-maturity bonds and other securities at March 31, 2022 and 2021 are summarized as follows:

1. Trading account securities

There are no applicable matters.

2. Held-to-maturity bonds (As of March 31, 2022)

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Carrying value	Fair value	Difference	Carrying Value	Fair value	Difference
Fair value exceeding carrying value	Government bonds	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —
	Local government bonds	—	—	—	—	—	—
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	18,775	18,970	195	153,407	155,001	1,593
	Other	—	—	—	—	—	—
	Subtotal	18,775	18,970	195	153,407	155,001	1,593
Fair value not exceeding carrying value	Government bonds	—	—	—	—	—	—
	Local government bonds	—	—	—	—	—	—
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	950	944	(5)	7,762	7,720	(41)
	Other	—	—	—	—	—	—
	Subtotal	950	944	(5)	7,762	7,720	(41)
Total		¥ 19,725	¥ 19,915	¥ 189	\$ 161,170	\$ 162,721	\$ 1,551

Held-to-maturity bonds (As of March 31, 2021)

(Millions of yen)

	Type	Carrying value	Fair value	Difference
Fair value exceeding carrying value	Government bonds	¥ —	¥ —	¥ —
	Local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	17,382	17,688	306
	Other	—	—	—
	Subtotal	17,382	17,688	306
Fair value not exceeding carrying value	Government bonds	—	—	—
	Local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	653	647	(5)
	Other	—	—	—
	Subtotal	653	647	(5)
Total		¥ 18,035	¥ 18,336	¥ 300

3. Available-for-sale securities (As of March 31, 2022)

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
Carrying value exceeding cost	Stocks	¥ 28,367	¥ 15,280	¥ 13,087	\$ 231,780	\$ 124,850	\$ 106,930
	Bonds	231,792	229,433	2,358	1,893,886	1,874,613	19,273
	Government bonds	64,618	63,714	904	527,975	520,586	7,389
	Local government bonds	130,944	129,639	1,304	1,069,892	1,059,233	10,658
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	36,229	36,079	149	296,018	294,792	1,225
	Other	232,601	221,657	10,944	1,900,497	1,811,075	89,421
	Foreign bonds	48,928	48,356	571	399,772	395,100	4,672
	Other	183,673	173,301	10,372	1,500,724	1,415,975	84,749
	Subtotal	492,762	466,371	26,390	4,026,164	3,810,538	215,625
Carrying value not exceeding cost	Stocks	5,812	6,535	(722)	47,495	53,402	(5,907)
	Bonds	222,822	225,775	(2,953)	1,820,594	1,844,723	(24,128)
	Government bonds	83,747	86,085	(2,338)	684,265	703,372	(19,107)
	Local government bonds	63,968	64,093	(124)	522,664	523,679	(1,015)
	Short-term corporate bonds	—	—	—	—	—	—
	Corporate bonds	75,106	75,596	(490)	613,664	617,670	(4,006)
	Other	329,990	343,715	(13,724)	2,696,219	2,808,358	(112,139)
	Foreign bonds	111,980	116,178	(4,198)	914,949	949,250	(34,301)
	Other	218,009	227,536	(9,526)	1,781,269	1,859,107	(77,838)
	Subtotal	558,625	576,026	(17,400)	4,564,308	4,706,484	(142,175)
Total	¥ 1,051,388	¥ 1,042,398	¥ 8,989	\$ 8,590,473	\$ 8,517,023	\$ 73,449	

Available-for-sale securities (As of March 31, 2021)

(Millions of yen)

	Type	Carrying value	Fair value	Difference
Carrying value exceeding cost	Stocks	¥ 30,690	¥ 15,460	¥ 15,230
	Bonds	337,896	333,471	4,424
	Government bonds	81,215	79,287	1,928
	Local government bonds	183,823	181,702	2,120
	Short-term corporate bonds	—	—	—
	Corporate bonds	72,857	72,481	375
	Other	184,165	174,035	10,130
	Foreign bonds	58,571	55,799	2,772
	Other	125,593	118,235	7,358
	Subtotal	552,752	522,967	29,785
Carrying value not exceeding cost	Stocks	3,745	4,421	(675)
	Bonds	124,152	127,050	(2,898)
	Government bonds	78,465	81,180	(2,715)
	Local government bonds	—	—	—
	Short-term corporate bonds	—	—	—
	Corporate bonds	45,686	45,870	(183)
	Other	190,563	195,158	(4,595)
	Foreign bonds	47,284	48,416	(1,131)
	Other	143,278	146,742	(3,464)
	Subtotal	318,461	326,631	(8,169)
Total	¥ 871,214	¥ 849,598	¥ 21,615	

4. Held-to-maturity bonds sold during the year

There are no applicable matters.

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

(Millions of yen)

(Thousands of U.S. dollars)

	Proceeds from Sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
Stocks	¥ 14,368	¥ 798	¥ 1,031	\$ 117,398	\$ 6,526	\$ 8,424
Bonds	107,854	173	753	881,238	1,420	6,156
Government bonds	66,955	89	753	547,065	729	6,155
Local government bonds	38,670	80	—	315,961	657	—
Short-term corporate bonds	—	—	—	—	—	—
Corporate bonds	2,228	4	0	18,211	33	1
Other	227,475	2,597	3,331	1,858,615	21,220	27,217
Total	¥ 349,699	¥ 3,569	¥ 5,115	\$ 2,857,251	\$ 29,168	\$ 41,798

Available-for-sale securities sold during the year ended March 31, 2021

(Millions of yen)

	Proceeds from Sales	Gains on sales	Losses on sales
Stocks	¥ 9,860	¥ 1,377	¥ 350
Bonds	402,218	706	998
Government bonds	296,089	494	991
Local government bonds	93,144	187	—
Short-term corporate bonds	—	—	—
Corporate bonds	12,984	24	6
Other	52,221	1,116	1,300
Total	¥ 464,300	¥ 3,200	¥ 2,648

6. Securities for which the purpose of holding it has changed.

During the previous consolidated fiscal year, the holding purpose for 228 million yen of bonds held for maturity was changed due to the significant deterioration of the credit status of the bond issuer, and the securities were categorized as other securities. The impact of this change on the consolidated financial statements for the current consolidated fiscal year is immaterial.

7. Securities which have readily determinable fair value are written down to fair value, and the difference between cost and fair value is recorded as loss for the fiscal year if fair value has significantly deteriorated compared with cost and fair value is unlikely to recover up to the acquisition cost.

For securities other than trading securities (excluding non-marketable equity securities and investments in partnerships) for which the fair value has fallen significantly below the acquisition cost and the fair value is not expected to recover to the acquisition cost, the fair value is recorded on the consolidated balance sheet amount and the valuation difference is recorded as a loss for the consolidated fiscal year (hereinafter "impairment loss").

The amount of impairment loss for the previous consolidated fiscal year was 346 million yen (including 196 million yen for stocks and 150 million yen for corporate bonds). The amount of impairment loss for the current consolidated fiscal year was 483 million yen (including 483 million yen for stocks).

The criteria for determining that the fair value of an individual security has "significantly declined" is when the market value as of the end of the current fiscal year has declined by 50% or more compared to the acquisition cost, or when the fair value has declined by 30% or more but less than 50% and there is no possibility of recovery in fair value, taking into consideration the business conditions of the issuer and changes in fair value over a certain period in the past.

23. Money Held in Trust

Other moneys held in trust (other than if held for operational purposes or held to maturity) during the year ended March 31, 2022

(Millions of yen)

(Thousands of U.S. dollars)

	Carrying value	Fair value	Difference	Carrying value exceeding cost	Carrying value not exceeding cost	Carryin value	Fair value	Difference	Carrying value exceeding cost	Carrying value not exceeding cost
Other moneys held in trust	¥ 2,763	¥ 2,763	—	—	—	\$ 22,581	\$22,581	—	—	—

Note Among these "Carrying value exceeding cost" and "carrying value not exceeding cost" are each a breakdown of "the difference."

For the preceding consolidated accounting year (as of March 31, 2021)

(Millions of yen)

	Carrying value	Fair value	Difference	Carrying value exceeding cost	Carrying value not exceeding cost
Other moneys held in trust	¥ 1,261	¥ 1,261	—	—	—

24. Valuation difference on available-for-sale securities

The components of valuation difference on available-for-sale securities recorded on the consolidated financial statements at March 31, 2022 and 2021 are as follows:

	2022 (Millions of yen)	2021 (Millions of yen)	2022 (Thousands of U.S. dollars)
Valuation Gains (losses)	¥ 9,067	¥ 21,649	\$ 74,084
Available-for-sale securities	9,067	21,649	74,084
Other money held in trust	—	—	—
(△) Deferred tax liabilities	2,751	6,581	22,484
Valuation difference on available-for-sale securities (before adjustment based on equivalent amount of shareholdings)	6,315	15,068	51,599
(△) Amount equivalent to non-controlling interests equity	—	—	—
Valuation difference on available-for-sale securities owned by companies accounted for using the equity method, the amount equivalent to owners of parent	—	—	—
Valuation difference on available-for-sale securities	¥ 6,315	¥ 15,068	\$ 51,599

25. Fair Value Information on Derivatives

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

Derivative transactions to which hedge accounting is not applied are set forth in the table below. Contract amounts themselves do not reflect the market risks of the derivative transactions.

Currency-related transactions

<March 31, 2022>

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-Counter transactions	Forward exchange contracts								
	Sold	¥ 17,372	¥ -	¥ (329)	¥ (329)	\$ 141,943	\$ -	\$ (2,692)	\$ (2,692)
	Bought	3,703	-	0	0	30,260	-	7	7
	Currency options								
	Sold	¥ -	¥ -	¥ -	¥ -	\$ -	\$ -	\$ -	\$ -
	Bought	-	-	-	-	-	-	-	-
	Total	-	-	¥ (328)	¥ (328)	-	-	\$ (2,684)	\$ (2,684)

<March 31, 2021>

(Millions of yen)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-Counter transactions	Forward exchange contracts				
	Sold	¥ 6,748	¥ -	¥ (28)	¥ (28)
	Bought	7,838	-	68	68
	Currency options				
	Sold	¥ 12,570	¥ -	¥ (330)	¥ (241)
	Bought	12,570	-	330	267
	Total	-	-	¥ 40	¥ 66

(Note) The above transactions were evaluated for fair value, and the valuation gains (losses) were recorded in the consolidated statements of income.

Credit derivatives transactions

<March 31, 2022>

(Millions of yen)

(Thousands of U.S. dollars)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-counter transactions	Credit default swaps								
	Sold	¥ -	¥ -	¥ -	¥ -	\$ -	\$ -	\$ -	\$ -
	Bought	3,390	3,390	(29)	(29)	27,698	27,698	(244)	(244)
	Total	-	-	¥ (29)	¥ (29)	-	-	\$ (244)	\$ (244)

<March 31, 2021>

(Millions of yen)

	Type	Contract amounts	Contract amount maturing beyond one year	Fair value	Unrealized gain or (loss)
Over-the-counter transactions	Credit default swaps				
	Sold	¥ -	¥ -	¥ -	¥ -
	Bought	2,227	2,227	(17)	(17)
	Total	-	-	¥ (17)	¥ (17)

(Note)
 1. The above transactions were evaluated for fair value, and the valuation gains (losses) were recorded in the consolidated statements of income.
 2. "Sold" represents a credit risk assumption transaction and "bought" represents a credit risk delivery transaction.

(2) Derivative transactions to which hedge accounting is applied

Derivative transactions to which hedge accounting is applied are set forth in the table below. Contract amounts themselves below do not represent the market risks of the derivative transactions.

Interest rate-related transactions

<March 31, 2022>

(Millions of yen)

(Thousands of U.S. dollars)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Interest rate swaps receive-floating/pay-fixed	Loans, deposits	¥ 37,654	¥ 37,654	¥ (1,676)	\$ 307,659	\$ 307,659	\$ (13,702)
Exceptional method	Interest rate swaps receive-floating/pay-fixed		-	-	-	-	-	-
	Total		-	-	¥ (1,676)	-	-	\$ (13,702)

(Note) Deferred hedging is mainly used in accordance with the Industry Audit Committee Practice Guideline No. 24.

<March 31, 2021>

(Millions of yen)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Interest rate swaps receive-floating/pay-fixed	Loans, deposits	¥ 61,399	¥ 61,399	¥ (1,195)
Exceptional method	Interest rate swaps receive-floating/pay-fixed		—	—	
Total		—	—	—	¥ (1,195)

(Note) Deferred hedging is mainly used in accordance with the Industry Audit Committee Practice Guideline No. 24.

Currency-relate transactions

<March 31, 2022>

(Millions of yen)

(Thousands of U.S. dollars)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Currency swaps	Foreign securities in foreign currency	¥ 23,206	¥ 9,367	¥ (60)	\$ 189,607	\$ 76,534	\$ (497)
Total		—	—	—	¥ (60)	—	—	\$ (497)

Deferred hedging is used, primarily based on Operational Guidelines No. 25 of the Industry-Specific Committee.

<March 31, 2021>

(Millions of yen)

Hedge accounting method	Type	Major hedged item	Contract amounts	Contract amount maturing beyond one year	Fair value
Normal method	Currency swaps	Foreign securities in foreign currency	¥ 28,395	¥ 23,206	¥ (56)
Total		—	—	—	¥ (56)

(Note) Deferred hedging is used, primarily based on Operational Guidelines No. 25 of the Industry-Specific Committee.

26. Retirement Benefit Plans

The Bank and the consolidated subsidiaries have defined-benefit corporation pension funds and lump-sum retirement benefits. Certain consolidated subsidiaries use a simplified method for calculating retirement benefit expenses and liabilities. The following table sets forth the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheet for the Bank's and the consolidated subsidiaries' defined retirement benefit plans:

(1) The changes in the retirement benefit obligation during the year ended March 31, 2022 and 2021 are as follows:

	2022 (Millions of yen)	2021 (Millions of yen)	2022 (Thousands of U.S. dollars)
Retirement benefit obligation at the beginning of the year	¥ 16,057	¥ 16,817	\$ 131,199
Service cost	487	519	3,984
Interest cost	64	50	523
Actuarial gain/loss	(1,633)	(333)	(13,350)
Retirement benefits paid	(1,126)	(996)	(9,207)
Prior service cost	—	—	—
Other	—	—	—
Retirement benefit obligation at the end of the year	¥ 13,848	¥ 16,057	\$ 113,150

(2) The changes in plan assets during the year ended March 31, 2022 and 2021 are as follows:

	2022 (Millions of yen)	2021 (Millions of yen)	2022 (Thousands of U.S. dollars)
Plan assets at the beginning of the year	¥ 17,341	¥ 16,349	\$ 141,692
Expected return on plan assets	485	441	3,967
Actuarial gain/loss	(42)	1,203	(349)
Contributions by employers	277	283	2,269
Contributions by employees	52	54	432
Retirement benefits paid	(1,126)	(989)	(9,201)
Other	—	—	—
Plan assets at the end of the year	¥ 16,988	¥ 17,341	\$ 138,810

(3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2022 and 2021 for the bank's and the consolidated subsidiaries' defined benefit plans:

	2022 (Millions of yen)	2021 (Millions of yen)	2022 (Thousands of U.S. dollars)
Funded retirement benefit obligation	¥ 13,791	¥ 16,004	\$ 112,684
Plan assets at fair value	(16,988)	(17,341)	(138,810)
	(3,197)	(1,336)	(26,125)
Unfunded retirement benefit obligation	57	52	465
Net liabilities for retirement benefits in the consolidated balance sheet	(3,140)	(1,284)	(25,659)
Liabilities for retirement benefits	57	52	465
Assets for retirement benefits	(3,197)	(1,336)	(26,125)
Net liabilities for retirement benefits in consolidated balance sheet	¥ (3,140)	¥ (1,284)	\$ (25,659)

(4) The components of retirement benefit expense for the year ended March 31, 2022 and 2021 are as follows:

	2022 (Millions of yen)	2021 (Millions of yen)	2022 (Thousands of U.S. dollars)
Service cost	¥ 434	¥ 465	\$ 3,551
Interest cost	64	50	523
Expected return on plan assets	(485)	(441)	(3,967)
Amortization of actuarial gain/loss cost	(37)	719	(308)
Amortization of prior service cost	—	—	—
Other	—	—	—
Retirement benefit expense	¥ (24)	¥ 794	\$ (200)

Notes

- Concerning the consolidated subsidiaries that use a simplified method, all of the retirement benefit cost is included in the service cost.
- Service cost does not include the amounts contributed by employees with respect to corporate pension fund plans.

- (5) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2022 and 2021 are as follows:

	2022		2021		2022	
	(Millions of yen)		(Millions of yen)		(Thousands of U.S. dollars)	
Prior service cost.....	¥	—	¥	—	\$	—
Actuarial gain and loss		1,553		2,256		12,692
Other		—		—		—
Total	¥	1,553	¥	2,256	\$	12,692

- (6) Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2022 and 2021 are as follows:

	2022		2021		2022	
	(Millions of yen)		(Millions of yen)		(Thousands of U.S. dollars)	
Unrecognized prior service cost ...	¥	—	¥	—	\$	—
Unrecognized actuarial gain/loss ...		1,878		325		15,347
Other		—		—		—
Total	¥	1,878	¥	325	\$	15,347

- (7) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2022 and 2021 is as follows:

	2022		2021	
Bonds		20%		21%
Stocks		32%		34%
General account		30%		29%
Other		18%		16%
Total		100%		100%

Note

The expected long-term return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term return on assets held in each category.

- (8) The assumptions used in accounting for the above plans are as follows:

	2022		2021	
1) Discount rate:		0.3%		0.4%
2) Expected rate of long-term return on assets: ...		2.8%		2.7%

27. Income Taxes

The major components of deferred tax assets and liabilities at March 31, 2022 and 2021 are summarized as follows:

	2022		2021		2022	
	(Millions of yen)		(Millions of yen)		(Thousands of U.S. dollars)	
Deferred tax assets:						
Allowance for loan losses	¥	2,509	¥	2,799	\$	20,506
Devaluation on securities		297		243		2,434
Depreciation		577		605		4,717
Deferred gains or losses on hedges		515		368		4,210
Other		2,306		1,883		18,844
Subtotal: deferred tax assets		6,206		5,900		50,714
Valuation allowance (Note1)		(1,881)		(1,609)		(15,376)
Total: deferred tax assets		4,325		4,290		35,337
Deferred tax liabilities:						
Valuation difference on available-for-sale securities		(2,751)		(6,581)		(22,484)
Net defined benefits assets		(975)		(407)		(7,968)
Other		(160)		(159)		(1,310)
Total: deferred tax liabilities		(3,887)		(7,148)		(31,763)
Net deferred tax assets (liabilities)	¥	437	¥	(2,858)	\$	3,574

Note 1

The valuation allowance increased by ¥272 million (\$ 2,224 thousand) in the current consolidated fiscal year. This increase was mainly due to a ¥ 217 million (\$ 1,780 thousand) increase in the valuation allowance relating to the allowance for doubtful accounts for Yamagata Bank and consolidated subsidiaries.

Note 2

Net deferred tax assets (liabilities) as of March 31, 2022 and 2021 were included in the following accounts in the consolidated balance sheets.

	2022		2021		2022	
	(Millions of yen)		(Millions of yen)		(Thousands of U.S. dollars)	
Deferred tax assets	¥	477	¥	389	\$	3,898
Deferred tax liabilities		(39)		(3,248)		(324)

For the fiscal year ended March 31, 2022 and 2021, the reconciliation of the statutory tax rate of the Bank to the effective income tax rate was as follows:

	2022	2021
Statutory tax rate	30.50%	30.50%
Valuation allowance	5.28%	4.21%
Non-deductible expenses	0.36%	0.51%
Non-taxable income	(1.25%)	(1.25%)
Per capita inhabitants' tax rate	0.65%	0.82%
Reversal of revaluation reserve for land	(0.47%)	(2.67%)
Difference in tax rates with consolidated subsidiaries	0.80%	0.90%
Others	0.73%	(0.02%)
Effective tax rate	36.60%	33.00%

(Change in Presentation Method)

"Difference in tax rates with consolidated subsidiaries," which was included in "Other" in the previous consolidated fiscal year, has become more significant and is therefore presented as a separate line item from the current consolidated fiscal year. To reflect this change in display method, the notes for the previous consolidated fiscal year have been reorganized.

As a result, 0.88% presented in "Other" in the previous consolidated fiscal year has been reclassified as 0.90% in "Difference in tax rates with consolidated subsidiaries" and negative 0.02% in "Other."

28. Asset Retirement Obligations

Among asset retirement obligations, recorded amounts on the consolidated financial statements

A. Summary description of the asset retirement obligations
Obligation to restore to original condition, under leasing agreements for land for operating facilities and for ATMs outside of the bank facilities, obligation to remove toxic substances used at a portion of the operating facilities and the administrative center, due to legal requirements, etc.

B. Calculation Method of Amount of Asset Retirement Obligations
The asset retirement obligation amounts are calculated by estimating the period of use to be from 6 years to 30 years from time of acquisition, using a discount rate of 0.0% to 2.0% based on the government bond yields as a reference.

C. Gains/Losses in total asset retirement obligation

	2022		2021		2022	
	(Millions of yen)		(Millions of yen)		(Thousands of U.S. dollars)	
Balance at beginning of year	¥	180	¥	131	\$	1,476
Increase in amount due to acquisition of property, plant and equipment		1		0		8
Adjustment due to the passage of time		0		0		4
Increase due to change in estimate		183		50		1,501
Reduction due to performance of asset retirement obligations		11		2		94
Balance at the end of the year	¥	354	¥	180	\$	2,896

29. Revenue Recognition

1. Disaggregation of revenues arising from contracts with customers.
As described in "30. Segment Information".

2. Information that provides a basis for understanding the revenue arising from contracts with customers

The principal performance obligations of the Bank and its consolidated subsidiaries in their principal businesses relating to revenues from contracts with customers are the provision of services related to financial services, including deposit and loan services, foreign exchange services, securities-related services, agency services, mutual fund services, and safe-deposit box services.

Revenue is recognized primarily when promised services have been rendered and the performance obligation has been fulfilled. For performance obligations rendered during the service period of annual fees for credit card members of consolidated subsidiaries, the revenue is recognized over the period the services are provided.

The amount of revenue recorded is calculated based on the amount expected to be received in exchange for services. For loyalty-point programs operated by other companies in which consolidated subsidiaries participate, the amount expected to be used in the future is recognized as the amount to be collected for third parties and deducted from credit merchant fees.

3. Information to understand the revenue amounts for the current consolidated fiscal year and subsequent consolidated fiscal years.

Information is omitted due to low materiality.

30. Segment Information

1. Outline of reportable segments

Reportable segments are components for which separate financial information is available and that are subject to periodic examination by the board of directors to determine the allocation of management resources and assess performances.

The Bank and its consolidated subsidiaries consist of the Bank and 8 consolidated subsidiaries that are engaged in the financial services business that includes mainly banking services as well as leasing services.

Therefore, the reportable segments of the Bank and its consolidated subsidiaries comprise 'Banking', 'Leasing', and 'Credit guarantee' which are distinguished by the type of the business.

'Banking' includes deposit taking, lending, investment in securities and exchange services.

'Leasing' represents the lease business of Yamagin Lease Co., Ltd., one of the consolidated subsidiaries.

'Credit guarantee' is a credit guarantee business operated by Yamagin Guarantee Service Co., Ltd., one of the consolidated subsidiaries.

2. Calculation method of ordinary income, profit (loss), assets, liabilities and other items by reportable segment

The accounting policies in Note 3, "Summary of Significant Accounting Policies", are adopted for the reportable segments.

Reportable segment profit corresponds to ordinary profit.

Ordinary income arising from intersegment transactions is based on arm's length prices.

3. Information by reportable segment regarding amount of ordinary income, profit or loss, assets, liabilities and other items as well as revenue breakdown information.

Year ended March 31, 2022

(Millions of yen)

	Reportable segment				Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Credit guarantee	Total				
Revenues from service transactions								
Deposit/Loan Services	¥ 926	¥ —	¥ —	¥ 926	¥ —	¥ 926	¥ —	¥ 926
Exchanging Services	1,464	—	—	1,464	—	1,464	—	1,464
Securities Related Services	88	—	—	88	—	88	—	88
Agency Services	992	—	—	992	—	992	—	992
Investment Trust Businesses	729	—	—	729	—	729	—	729
Safe-deposit box custodian services	48	—	—	48	—	48	—	48
Other	1,979	—	2	1,982	897	2,880	—	2,880
Other service revenues	—	—	—	—	251	251	—	251
Ordinary income from contracts with customers	6,230	—	2	6,232	1,149	7,381	—	7,381
Ordinary income other than the above	30,401	5,955	224	36,581	111	36,692	(48)	36,644
Ordinary revenues from external customers	36,631	5,955	227	42,814	1,260	44,074	(48)	44,026
Inter-segment ordinary income	699	91	691	1,482	263	1,745	(1,745)	—
Total	37,331	6,047	918	44,296	1,523	45,820	(1,794)	44,026
Segment profit	4,749	261	666	5,676	294	5,971	(481)	5,489
Segment assets	3,523,980	16,385	5,772	3,546,138	6,372	3,552,511	(14,159)	3,538,352
Segment liabilities	3,377,242	12,719	2,620	3,392,582	4,123	3,396,706	(13,982)	3,382,723
Other items								
Depreciation	1,853	7	0	1,862	2	1,864	—	1,864
Interest income	28,124	0	5	28,130	49	28,179	(615)	27,564
Interest expenses	1,172	52	—	1,225	18	1,243	(49)	1,194
Increase in property, plant and equipment and intangible assets	4,316	28	—	4,344	—	4,344	—	4,344

Year ended March 31, 2022

(Thousands of U.S. dollars)

	Reportable segment				Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Credit guarantee	Total				
Revenues from service transactions								
Deposit/Loan Services	\$ 7,572	\$ —	\$ —	\$ 7,572	\$ —	\$ 7,572	\$ —	\$ 7,572
Exchanging Services	11,963	—	—	11,963	—	11,963	—	11,963
Securities Related Services	725	—	—	725	—	725	—	725
Agency Services	8,109	—	—	8,109	—	8,109	—	8,109
Investment Trust Businesses	5,962	—	—	5,962	—	5,962	—	5,962
Safe-deposit box custodian services	395	—	—	395	—	395	—	395
Other	16,176	—	21	16,198	7,334	23,532	—	23,532
Other service revenues	—	—	—	—	2,054	2,054	—	2,054
Ordinary income from contracts with customers	50,903	—	21	50,925	9,388	60,313	—	60,313
Ordinary income other than the above	248,400	48,660	1,834	298,895	908	299,803	(397)	299,405
Ordinary revenues from external customers	299,303	48,660	1,856	349,820	10,296	360,117	(397)	359,719
Inter-segment ordinary income	5,715	748	5,647	12,110	2,151	14,262	(14,262)	—
Total	305,019	49,408	7,503	361,931	12,448	374,379	(14,660)	359,719
Segment profit	38,802	2,139	5,442	46,383	2,407	48,790	(3,938)	44,852
Segment assets	28,793,045	133,878	47,166	28,974,090	52,070	29,026,160	(115,690)	28,910,470
Segment liabilities	27,594,105	103,929	21,410	27,719,444	33,691	27,753,135	(114,244)	27,638,891
Other items								
Depreciation	15,147	64	2	15,214	18	15,232	—	15,232
Interest income	229,791	3	44	229,839	406	230,246	(5,031)	225,214
Interest expenses	9,579	432	—	10,012	150	10,163	(405)	9,758
Increase in property, plant and equipment and intangible assets	35,267	232	—	35,500	—	35,500	—	35,500

Notes

- Ordinary income is substituted for sales of companies in other industries. "Adjustments" are elimination of intersegment transactions.
- "Other" represents business segments that are not the reportable segments and comprises business support service, data processing, credit card business, regional trading company, venture capital business, etc.
- "Adjustments" are as follows:
 - Adjusted amount of ordinary income from external customers of negative 48 million yen is the adjusted amount of the allowance for doubtful accounts provision for "leasing business".
 - The 481 million yen reduction adjustment for segment profit, the 14,159 million yen reduction adjustment for segment assets, the 13,982 million yen reduction adjustment for segment liabilities, the 615 million yen reduction adjustment for interest income, and the 49 million yen reduction adjustment for interest expenses are eliminations of intersegment transactions.
- "Segment profit (loss)" corresponds to ordinary income (net) of Consolidated Statements of Income.

Year ended March 31, 2021

(Millions of yen)

	Reportable segment				Other	Total	Adjustments	Consolidated financial statements
	Banking	Leasing	Credit guarantee	Total				
Ordinary income								
External customers	¥ 33,821	¥ 5,917	¥ 249	¥ 39,988	¥ 1,246	¥ 41,234	¥ (9)	¥ 41,225
Intersegment	760	97	698	1,555	257	1,813	(1,813)	—
Total	34,581	6,015	947	41,544	1,503	43,047	(1,822)	41,225
Segment profit	4,329	205	686	5,221	205	5,426	(587)	4,838
Segment assets	3,115,372	17,028	6,043	3,138,445	6,082	3,144,527	(15,559)	3,128,968
Segment liabilities	2,961,124	13,425	2,970	2,977,521	3,978	2,981,499	(14,344)	2,967,155
Other items								
Depreciation	1,676	8	0	1,684	2	1,686	—	1,686
Interest income	25,067	0	5	25,073	57	25,130	(685)	24,444
Interest expenses	1,327	56	—	1,383	20	1,403	(53)	1,350
Increase in property, plant and equipment and intangible assets	2,070	34	0	2,106	0	2,107	—	2,107

Notes

- Ordinary income is substituted for sales of companies in other industries. "Adjustments" are elimination of intersegment transactions.
- "Other" represents business segments that are not the reportable segments and comprises business support service, data processing, credit card business, regional trading company, venture capital business, etc.
- "Adjustments" are as follows:
 - Adjusted amount of ordinary income from external customers Minus 9 million yen is the adjusted amount of the allowance for doubtful accounts provision for "leasing business" and "others".
 - The 587 million yen reduction adjustment for segment profit, the 15,559 million yen reduction adjustment for segment assets, the 14,344 million yen reduction adjustment for segment liabilities, the 685 million yen reduction adjustment for interest income, and the 53 million yen reduction adjustment for interest expenses are eliminations of intersegment transactions.
- "Segment profit (loss)" corresponds to ordinary income (net) of Consolidated Statements of Income.

4. Related information
Information by service

Year ended March 31, 2022

(Millions of yen)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 16,468	¥ 13,057	¥ 5,904	¥ 8,596	¥ 44,026

Year ended March 31, 2022

(Thousands of U.S. dollars)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	\$ 134,557	\$ 106,687	\$ 48,240	\$ 70,234	\$ 359,719

Information about geographical areas is omitted because the Bank and its consolidated subsidiaries conduct banking and other related activities in Japan without having foreign subsidiaries or foreign branches.

Information about major customers is not presented because there are no customers having over a 10% share of ordinary income.

Year ended March 31, 2021

(Millions of yen)

	Loan	Security investment	Lease	Other	Total
Ordinary income from external customers	¥ 17,229	¥ 10,414	¥ 5,910	¥ 7,671	¥ 41,225

5. Information concerning the impairment loss of fixed assets by reportable segment

Year ended March 31, 2022

(Millions of yen)

	Reportable segment				Other	Total
	Banking	Leasing	Credit guarantee	Total		
Impairment loss	¥ 162	¥ —	¥ —	¥ 162	¥ —	¥ 162

Year ended March 31, 2022

(Thousands of U.S. dollars)

	Reportable segment				Other	Total
	Banking	Leasing	Credit guarantee	Total		
Impairment loss	\$ 1,323	\$ —	\$ —	\$ 1,323	\$ —	\$ 1,323

Year ended March 31, 2021

(Millions of yen)

	Reportable segment				Other	Total
	Banking	Leasing	Credit guarantee	Total		
Impairment loss	¥ 540	¥ —	¥ —	¥ 540	¥ —	¥ 540

31. Related Parties Information

Transactions with Related Parties

Transactions of the Corporation Submitting Consolidated Financial Statements with Related Parties

Directors and Major Stockholders (only in the case of individuals) etc. of the Corporation Submitting Consolidated Financial Statements

Year ended March 31, 2022

(Millions of yen)

Category	Name of company, etc. or individual's full name	Location	Capital or investment contribution	Description of business or job	Percentage of ownership of voting rights, etc. owned (or owned by) (%)	Relation to affiliated parties	Description of transaction	Amount of transaction	Account name	Balance at end of financial period
Companies, etc. in which Directors and their close relatives own a majority of the voting rights	Happy Product Inc. (note 2)	Yamagata City, Yamagata Prefecture	70	Pig iron and cast iron manufacturing	—	Credit customer	Loan of funds	1,870	Loans and bills discounted	1,870
	Happy Japan Inc. (note 3)	Yamagata City, Yamagata Prefecture	73	Manufacture of general machinery and equipment	Owned directly 0.88	Credit customer	Loan of funds	1,038	Loans and bills discounted	1,038
	Otokoyama Shuzou Co., Ltd. (Note 4)	Yamagata City, Yamagata Prefecture	35	Sake Manufacturer	Owned by, directly, 0.02	Credit customer	Loan of funds	88	Loans and bills discounted	98
Directors and close relatives	Junichi Matsuda	—	—	Director of the Bank; Attorney	—	Credit customer	Loan of funds	50	Loans and bills discounted	67

Year ended March 31, 2022

(Thousands of U.S. dollars)

Category	Name of company, etc. or individual's full name	Location	Capital or investment contribution	Description of business or job	Percentage of ownership of voting rights, etc. owned (or owned by) (%)	Relation to affiliated parties	Description of transaction	Amount of transaction	Account name	Balance at end of financial period
Companies, etc. in which Directors and their close relatives own a majority of the voting rights	Happy Product Inc. (note 2)	Yamagata City, Yamagata Prefecture	571	Pig iron and cast iron manufacturing	—	Credit customer	Loan of funds	15,279	Loans and bills discounted	15,279
	Happy Japan Inc. (note 3)	Yamagata City, Yamagata Prefecture	596	Manufacture of general machinery and equipment	Owned directly 0.84	Credit customer	Loan of funds	8,487	Loans and bills discounted	8,487
	Otokoyama Shuzou Co., Ltd. (Note 4)	Yamagata City, Yamagata Prefecture	285	Sake Manufacturer	Owned by, directly, 0.02	Credit customer	Loan of funds	725	Loans and bills discounted	806
Directors and close relatives	Junichi Matsuda	—	—	Director of the Bank; Attorney	—	Credit customer	Loan of funds	416	Loans and bills discounted	548

Notes

- The terms and conditions of the transactions and the policies governing decision making for the terms and conditions of such transactions are the same as for other customers. Transaction amounts are average balances.
- At Happy Product Inc., Mr. Keitaro Harada, a director, and his close relatives hold the majority of voting rights.
- At Happy Japan Inc., Mr. Keitaro Harada, a director, and his close relatives hold the majority of voting rights.
- A majority of the voting rights of Otokoyama Shuzou Co., Ltd. are owned by Director Gisuke Ohara and his close relatives.

Year ended March 31, 2021

(Millions of yen)

Category	Name of company, etc. or individual's full name	Location	Capital or investment contribution	Description of business or job	Percentage of ownership of voting rights, etc. owned (or owned by) (%)	Relation to affiliated parties	Description of transaction	Amount of transaction	Account name	Balance at end of financial period
Companies, etc. in which Directors and their close relatives own a majority of the voting rights	Happy Product Inc. (note 2)	Yamagata City, Yamagata Prefecture	70	Pig iron and cast iron manufacturing	—	Credit customer	Loan of funds	1,870	Loans and bills discounted	1,870
	Happy Japan Inc. (note 3)	Yamagata City, Yamagata Prefecture	73	Manufacture of general machinery and equipment	Owned directly 0.84	Credit customer	Loan of funds	1,038	Loans and bills discounted	1,038
	Otokoyama Shuzou Co., Ltd. (Note 4)	Yamagata City, Yamagata Prefecture	35	Sake Manufacturer	Owned by, directly, 0.02	Credit customer	Loan of funds	73	Loans and bills discounted	66
Directors and close relatives	Junichi Matsuda	—	—	Director of the Bank; Attorney	—	Credit customer	Loan of funds	39	Loans and bills discounted	56

Notes

- The terms and conditions of the transactions and the policies governing decision making for the terms and conditions of such transactions are the same as for other customers. Transaction amounts are average balances.
- At Happy Product Inc., Mr. Keitaro Harada, a director, and his close relatives hold the majority of voting rights.
- At Happy Japan Inc., Mr. Keitaro Harada, a director, and his close relatives hold the majority of voting rights.
- A majority of the voting rights of Otokoyama Shuzou Co., Ltd. are owned by Director Gisuke Ohara and his close relatives.

32. Amounts Per Share

Amounts per share of net assets, net income and diluted net income, as presented below, are based on the number of stocks outstanding at each balance sheet date and the weighted average number of stocks of common stock outstanding during each year.

	2022	2021	2022
	(Yen)		(U.S. dollars)
Net assets	¥ 4,861.13	¥ 4,957.12	\$ 39.72
Net income	¥ 104.86	¥ 87.50	\$ 0.86

Notes

1. The shares of the Bank held by the BIP Trust Officer Compensation are recorded as treasury stock in the consolidated financial statements. The Bank's shares held by the trust are included in the number of treasury shares deducted from the total number of issued shares as of the end of the period for purposes of the calculation of net assets per share, and the number of treasury shares deducted in connection with the calculation of net assets per share at the end of the period was 149 thousand shares (70 thousand shares at the end of the previous consolidated fiscal year). In addition, the shares are included in the number of treasury shares deducted for the calculation of the average number of shares during the period, for purposes of the calculation of net income per share, and the average of the treasury shares deducted in calculating the net income per share during the period was 128 thousand (75 thousand shares in the previous consolidated fiscal year).

2. The basics of the calculation of the current net income per share is as follows.

The basis for the calculation of net income per share for the year ended March 31, 2022 and 2021 is summarized as follows:

	2022	2021	2022
	(Millions of yen)		(Thousands of U.S. dollars)
Profit attributable to owners of parent	¥ 3,398	¥ 2,852	\$ 27,764
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent related to common stock	3,398	2,852	27,764
Weighted average number of common stocks outstanding	32,404 thousand	32,604 thousand	32,404 thousand

Net income per share after adjustment for potentially dilutive shares for the previous consolidated fiscal year and the current consolidated fiscal year is not stated because there are no potentially dilutive shares.

33. Significant Subsequent Events

There are no applicable matters.

Non-Consolidated Balance Sheet

As of March 31, 2022 and 2021

	2022 (Millions of yen)	2021 (Millions of yen)	2022 (Thousands of U.S. dollars)
Assets			
Cash and due from banks	¥ 646,463	¥ 394,585	\$ 5,281,992
Call loans	5,080	1,465	41,509
Monetary claims bought	8,185	7,272	66,878
Money held in trust	2,763	1,261	22,581
Securities	1,088,499	902,416	8,893,693
Loans and bills discounted	1,716,804	1,748,110	14,027,327
Foreign exchanges	865	774	7,073
Other assets	25,908	31,303	211,685
Property, plant and equipment	16,415	15,183	134,122
Buildings, net	6,957	3,849	56,849
Land	8,003	8,320	65,396
Leased assets, net	7	12	65
Construction in progress	25	1,658	205
Other, net	1,420	1,342	11,605
Intangible assets	4,275	3,519	34,934
Software	4,073	3,315	33,281
Other	202	203	1,653
Prepaid pension costs	1,319	1,011	10,778
Deferred tax assets	794	—	6,488
Customers' liabilities for acceptances and guarantees	14,056	16,764	114,849
Allowance for loan losses	(8,166)	(9,013)	(66,728)
Assets	<u>¥ 3,523,263</u>	<u>¥ 3,114,655</u>	<u>\$ 28,787,187</u>
Liabilities and Net Assets			
Liabilities			
Deposits	¥ 2,709,491	¥ 2,581,043	\$ 22,138,174
Negotiable certificates of deposit	100,458	84,934	820,804
Call money	119,074	1,992	972,913
Payables under securities lending transactions	39,547	8,318	323,130
Borrowed money	382,057	253,265	3,121,640
Foreign exchanges	31	36	256
Other liabilities	10,917	10,072	89,204
Provision for bonuses for directors	22	22	183
Provision for share payments of board incentive plan	84	96	694
Provision for reimbursement of deposits	109	122	891
Provision for contingent loss	259	290	2,118
Deferred tax liabilities	—	3,006	—
Deferred tax liabilities for land revaluation	1,131	1,156	9,243
Acceptances and guarantees	14,056	16,764	114,849
Liabilities	<u>¥ 3,377,242</u>	<u>¥ 2,961,124</u>	<u>\$ 27,594,105</u>
Net Assets			
Share capital	¥ 12,008	¥ 12,008	\$ 98,117
Capital surplus	4,932	4,932	40,301
Retained earnings	123,853	124,548	1,011,959
Treasury shares	(901)	(3,142)	(7,362)
Shareholders' equity	<u>139,893</u>	<u>138,346</u>	<u>1,143,015</u>
Valuation difference on available-for-sale securities	6,292	15,052	51,416
Deferred gains or losses on hedges	(1,174)	(839)	(9,594)
Revaluation reserve for land	1,009	972	8,244
Total valuation and translation adjustments	<u>6,127</u>	<u>15,184</u>	<u>50,066</u>
Net assets	<u>146,021</u>	<u>153,530</u>	<u>1,193,082</u>
Liabilities and net assets	<u>¥ 3,523,263</u>	<u>¥ 3,114,655</u>	<u>\$ 28,787,187</u>

Non-Consolidated Statements of Income

For the years ended March 31, 2022 and 2021

	2022 (Millions of yen)	2021 (Millions of yen)	2022 (Thousands of U.S. dollars)
Ordinary income	¥ 37,331	¥ 34,581	\$ 305,019
Interest income	28,124	25,067	229,791
Interest on loans and discounts	16,138	16,828	131,860
Interest and dividends on securities	11,279	8,064	92,160
Interest on call loans	4	(4)	35
Interest on receivables under resale agreements	—	(0)	—
Interest on deposits with banks	630	89	5,155
Other interest income	70	89	579
Fees and commissions	6,661	6,353	54,431
Fees and commissions on domestic and foreign exchanges	1,464	1,553	11,963
Other fees and commissions	5,197	4,799	42,468
Other ordinary income	1,097	1,381	8,969
Gains on foreign exchange transactions	28	129	232
Gain on trading account securities transactions	0	0	7
Gain on sales of bonds	1,068	1,251	8,729
Other income	1,447	1,779	11,826
Recoveries of written off receivables	3	3	28
Gain on sales of equity securities	1,123	1,639	9,181
Gain on money held in trust	75	4	618
Other	244	132	1,997
Ordinary expenses	32,582	30,252	266,216
Interest expenses	1,172	1,327	9,579
Interest on deposits	436	494	3,567
Interest on negotiable certificates of deposit	8	12	73
Interest on call money	17	37	143
Interest on payables under securities lending transactions	48	54	400
Interest on borrowings and rediscounts	31	68	256
Interest expenses on interest rate swaps	629	660	5,139
Fees and commissions payments	3,229	3,340	26,390
Fees and commissions on domestic and foreign exchanges	237	332	1,941
Other fees and commissions	2,992	3,007	24,448
Other ordinary expenses	4,278	2,560	34,961
Loss on sales of bonds	3,682	2,085	30,089
Loss on devaluation of bonds	—	150	—
Expenses on derivatives other than for trading or hedging	596	324	4,871
General and administrative expenses	20,736	21,137	169,431
Other expenses	3,164	1,887	25,853
Provision of allowance for loan losses	1,007	688	8,235
Loss on sales of equity securities	1,270	438	10,381
Loss on devaluation of equity securities	484	196	3,961
Loss on money held in trust	17	—	140
Other	383	564	3,134
Ordinary profit	4,749	4,329	38,802
Extraordinary income	106	—	873
Gain on disposal of non-current assets	106	—	873
Extraordinary losses	228	574	1,866
Loss on disposal of non-current assets	66	34	543
Impairment loss	162	540	1,323
Profit before income taxes	4,627	3,754	37,809
Income taxes -current	1,363	1,554	11,139
Income taxes -deferred	153	(532)	1,253
Income taxes	1,516	1,022	12,393
Profit	¥ 3,110	¥ 2,732	\$ 25,416
Amounts per share:	2022	2021	2022
	(yen)	(yen)	(U.S. dollars)
Profit	95.99	83.81	0.78
Net assets	4,566.05	4,708.23	37.31

Directory

Headquarters:

(Registered Address)

1-2, Nanukamachi 3-chome, Yamagata 990-8642, Japan
(Operating Address / October 2021~)
2-31, Hatagomachi 2-chome, Yamagata 990-8642, Japan
Phone: +81 23 623 1221

Financial Markets Division:

1-2, Nanukamachi 3-chome, Yamagata 990-8642, Japan
Phone: +81 23 634 7547
Fax: +81 23 625 7185
S.W.I.F.T.: YAMBJPJT

Foreign Exchange Offices:

Head Office

1-2, Nanukamachi 3-chome, Yamagata 990-8642, Japan
Phone: +81 23 623 1221

Yonezawa Branch

1-5, Monto-machi 3-chome, Yonezawa 992-0039, Japan
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Nagai Branch

11-14, Sakae-machi, Nagai 993-0084, Japan
Phone: +81 238 88 2105

Sagaechuo Branch

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Phone: +81 237 86 1141

Tendo Branch

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Phone: +81 23 653 3355

Shinjo Branch

2-16, Hon-cho, Shinjo 996-0027, Japan
Phone: +81 233 22 2461

Tsuruoka Branch

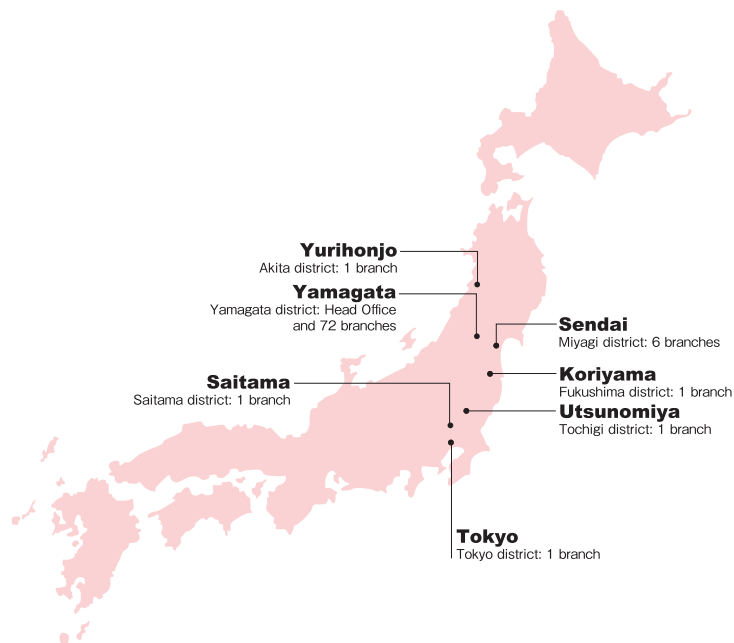
1-13, Hon-cho 2-chome, Tsuruoka 997-0034, Japan
Phone: +81 235 22 5530

Sakata Branch

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Tokyo Branch

4th Floor Kyobashi RK Bldg. 5-15, Kyobashi 2-chome, Chuo-Ku, Tokyo 104-0031, Japan
Phone: +81 3 3567 1861



(Total: Head Office and 83 branches)

(As of March 31, 2022)

Bank Data: (As of March 31, 2022)

Date of Incorporation: 1896
Authorized Stocks: 59,670,000
Issued Stocks: 32,500,000
Number of Shareholders: 8,544
Number of Employees: 1,193



Cherries

Cherries are a special product of Yamagata Prefecture.
Stylized cherries are used as the symbol of The Yamagata Bank, Ltd.



THE YAMAGATA BANK, LTD.
Yamagata, Japan