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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Resona Holdings, Inc. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Basis for Opinion

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

Key Audit Matter

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

<table>
<tr><th colspan="2">Valuation of reserves for possible loan losses related to loans to owners of subleased properties</th></tr>
<tr><th>A key audit matter and the basis of our determination</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>At the end of the current fiscal year, the Group recorded loans and bills discounted of 36,645 billion yen (60.5% of the Group's total assets) and reserve for possible loan losses of 160 billion yen. Reserves for possible loan losses are computed in accordance with the Group's internal standards for self-assessment of asset quality and the Group's accounting rules of write-offs and reserves by estimating expected losses based on past loan-loss experiences or the expected amount of disposal collateral and the expected recoverable amount by security, after assessing and classifying the loans based borrowers' financial conditions, performance, and security arrangements. For details of the criteria related to valuation of reserves for possible loan losses, see "(11) Reserve for possible loan losses in 2 Summary of Significant Accounting Policies in Notes to Consolidated Financial Statements."

Certain loans are provided to leasehold property owners who recognize rental income from real estate companies. The income provided is generated from sub-lease arrangements between those real estate companies, as the lessor, and tenants, as the lessee. The sublease is defined as an arrangement where real estate companies construct a property and rent it from property owners and then the property is subleased to the tenants.

Recently, construction defects were revealed in a number of properties subleased by a specific real estate company (the "real estate company"), which resulted in a decline in the occupancy rates of such defective properties. As the period for repairs of such properties has been prolonged, uncertainty regarding the improvement of occupancy rates and cash-flows from the properties has increased. Accordingly, the Group recorded an additional reserve for possible loan losses over the loans provided to the property owners of such defective properties subleased by the real estate company amounting to approximately 460 billion yen (approximately 8,000 loans).</td><td>We performed audit procedures regarding the reserves for possible loan losses, and considered the judgments and estimates made by the Group through analysis of the borrower's financial condition and performance and analysis of historical loan losses, which was a key underlying assumption in estimating such losses.

Especially, we mainly performed the following audit procedures for the reserves for possible loan losses that was recorded for the current fiscal year:

(1) Identification of the extent of loans that should be covered by the reserve, etc.

We performed the following audit procedures for identification of data of loans (hereinafter referred to as the "data"), evaluated the effectiveness of relevant internal controls, and considered the accuracy and completeness of the data:

• We made inquiries and inspected relevant documentation regarding the process for identifying the data and related internal controls.

• We obtained an understanding of the process for identifying the data and related internal controls, and considered whether the loans that should be covered by the reserves were appropriately identified. Also, we evaluated the effectiveness of general IT controls over systems related to the data (development and maintenance of the system, operation management of the system, access control and security, outsourcing management, etc.).

(2) Judgments made by the management in making the accounting estimates

We evaluated that management judgments and their basis were reasonable based on the best available information at the date of the Independent Auditor's Report by performing the following procedures:</td></tr>
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With respect to the above reserves for possible loan losses, it is particularly significant to address the estimation uncertainty in future occupancy status of the defective properties and cash-flow from the properties in addition to identifying the extent of loans impacted by the construction defects. It could also be considered that the Group groups loans and estimate losses based on the recent occupancy status. However, at present, it is difficult for the Group to continuously obtain reliable information from the owners. Also, it is not sufficient to predict the future profitability of each property solely based on the recent occupancy status, because the period for repairs are prolonged and uncertain to estimate. Therefore, in addition to information about the recent occupancy status and cash-flow from the properties, the Group uses information about construction defects etc. in estimating the reserve for possible loan losses related to the above properties. This is because the Group expects that the worse the construction defect is, the greater the uncertainty that the future occupancy status and cash-flow from the properties would improve. As described above, the Group makes accounting estimates based on available information in such uncertain circumstances. The valuation of reserves for possible loan losses is determined to be a key audit matter as it is necessary to apply judgment on whether information selected and used is appropriate and whether the estimation is reasonable and appropriate for the situation.	• Management obtains information about construction defects from the real estate company. We considered whether the information was obtained by the Group's information gathering, how management negotiated with the real estate company to collect information and the extent of investigation was performed concerning the owners of subleased properties by making inquiries and inspecting relevant information. Also, in order to consider legal relations about owners and properties, we reviewed contracts etc. and inspected the results of discussion with legal professionals used by the management. • We inspected various publicly-available statistical information real estate in order to assess whether there is any information that could be used to predict future profits of residential leasehold properties as well as to evaluate the reasonableness of the information used by the Group. • We evaluated the reasonableness of the management forecast about the correlations between construct defects etc. and improvement of future occupancy status of properties and cash-flow from the properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu LLC

June 19, 2020
(August 25, 2020 as to Note 36.III)

CONSOLIDATED BALANCE SHEET
Resona Holdings, Inc. and consolidated subsidiaries
March 31, 2020

	Millions of yen		Millions of U.S. dollars (Note 1)
	2020	2019	2020
Assets:			
Cash and due from banks (Notes 3, 11 and 28)	¥ 15,329,523	¥ 14,848,528	$ 140,857
Call loans and bills bought (Note 28)	473,438	177,949	4,350
Monetary claims bought (Note 28)	248,548	281,246	2,283
Trading assets (Notes 4, 11, 28 and 29)	457,391	328,024	4,202
Securities (Notes 5, 11 and 28)	5,555,671	5,387,898	51,049
Loans and bills discounted (Notes 6, 11, 12 and 28)	36,645,552	36,134,497	336,722
Foreign exchange assets (Notes 7 and 28)	107,460	115,691	987
Lease receivables and investments in leases	40,630	41,652	373
Other assets (Notes 8, 11, 28 and 29)	964,312	1,088,392	8,860
Tangible fixed assets (Notes 9, 19 and 27)	369,790	380,909	3,397
Intangible fixed assets (Notes 10 and 27)	49,770	40,597	457
Net defined benefit asset (Note 30)	32,510	19,362	298
Deferred tax assets (Note 26)	35,385	28,913	325
Customers' liabilities for acceptances and guarantees (Notes 18 and 28)	362,725	394,503	3,332
Reserve for possible loan losses (Note 28)	(160,221)	(158,058)	(1,472)
Reserve for possible losses on investments	(35)	(32)	(0)
Total Assets	¥ 60,512,454	¥ 59,110,075	$ 556,027
Liabilities and Net Assets:			
Liabilities:			
Deposits (Notes 11, 13 and 28)	¥ 52,909,979	¥ 51,108,635	$ 486,170
Negotiable certificates of deposit (Note 28)	942,840	1,195,350	8,663
Call money and bills sold (Note 28)	69,636	140,599	639
Payables under repurchase agreements (Notes 11 and 28)	—	5,000	—
Payables under securities lending transactions (Notes 11 and 28)	532,433	540,922	4,892
Trading liabilities (Notes 4, 28 and 29)	87,259	120,920	801
Borrowed money (Notes 11, 14 and 28)	769,930	752,637	7,074
Foreign exchange liabilities (Notes 7 and 28)	5,076	4,387	46
Bonds (Notes 15 and 28)	396,000	459,799	3,638
Due to trust account (Note 28)	1,316,807	1,155,804	12,099
Other liabilities (Notes 11, 14, 16, 28 and 29)	700,746	746,140	6,438
Reserve for employees' bonuses	17,509	19,581	160
Net defined benefit liability (Note 30)	22,709	19,077	208
Other reserves (Note 17)	38,209	43,559	351
Deferred tax liabilities (Note 26)	5,607	27,660	51
Deferred tax liabilities for land revaluation (Note 19)	18,439	19,318	169
Acceptances and guarantees (Notes 18 and 28)	362,725	394,503	3,332
Total Liabilities	58,195,910	56,753,897	534,741
Net Assets (Notes 20, 33 and 36):			
Capital stock	50,472	50,472	463
Retained earnings	1,720,062	1,614,908	15,805
Treasury stock	(12,880)	(4,213)	(118)
Total stockholders' equity	1,757,655	1,661,168	16,150
Net unrealized gains on available-for-sale securities (Note 5)	306,196	423,957	2,813
Net deferred gains on hedges	16,619	27,129	152
Revaluation reserve for land (Note 19)	40,209	42,204	369
Foreign currency translation adjustments	(1,942)	(4,823)	(17)
Remeasurements of defined benefit plans (Note 30)	(40,402)	(38,605)	(371)
Total accumulated other comprehensive income	320,680	449,861	2,946
Stock acquisition rights (Note 31)	297	309	2
Noncontrolling interests	237,910	244,838	2,186
Total Net Assets	2,316,543	2,356,178	21,285
Total Liabilities and Net Assets	¥ 60,512,454	¥ 59,110,075	$ 556,027

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2020

	Millions of yen		Millions of U.S. dollars (Note 1)
	2020	2019	2020
Income:			
Interest income (Note 21)	¥ 478,252	¥ 483,875	$ 4,394
Trust fees	19,060	19,242	175
Fees and commissions	239,310	244,497	2,198
Trading income (Note 22)	5,235	6,094	48
Other operating income (Note 23)	69,323	51,077	636
Other income (Note 25)	76,673	96,179	704
Total Income	887,856	900,967	8,158
Expenses:			
Interest expenses (Note 21)	47,122	47,965	432
Fees and commissions	68,141	69,911	626
Trading expenses	493	—	4
Other operating expenses (Note 23)	36,745	42,736	337
General and administrative expenses (Note 24)	426,540	439,479	3,919
Other expenses (Note 25)	96,635	62,268	887
Total Expenses	675,678	662,360	6,208
Income before income taxes	212,177	238,606	1,949
Income taxes (Note 26)**:**			
Current	37,835	38,272	347
Deferred	18,902	19,030	173
Total income taxes	56,737	57,303	521
Net income	155,439	181,303	1,428
Net income attributable to noncontrolling interests	3,013	6,140	27
Net income attributable to owners of parent	¥ 152,426	¥ 175,162	$ 1,400

	Yen		U.S. dollars (Note 1)
Per common share information:			
Net income per share (Basic) (Note 33)	¥ 66.27	¥ 75.63	$ 0.60
Cash dividends per share applicable to the fiscal year (Notes 20 and 36)	21.00	21.00	0.19

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2020

	Millions of yen		Millions of U.S. dollars (Note 1)
	2020	**2019**	**2020**
Net income	¥ 155,439	¥ 181,303	$ 1,428
Other comprehensive income (Note 32):			
Net unrealized gains on available-for-sale securities	(124,122)	(59,357)	(1,140)
Net deferred losses on hedges	(10,503)	(6,352)	(96)
Foreign currency translation adjustments	4,762	(3,574)	43
Remeasurements of defined benefit plans	(1,744)	255	(16)
Share of other comprehensive income of affiliates accounted for using the equity method	(32)	13	(0)
Total other comprehensive income	(131,640)	(69,015)	(1,209)
Total comprehensive income (Note 32)	¥ 23,799	¥ 112,287	$ 218
Total comprehensive income attributable to (Note 32):			
Owners of parent	¥ 25,239	¥ 108,670	$ 231
Noncontrolling interests	(1,440)	3,617	(13)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2020

	Millions of yen				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at April 1, 2018	¥ 50,472	¥ —	¥ 1,522,075	¥ (5,250)	¥ 1,567,297
Changes during the fiscal year					
Dividends paid			(47,624)		(47,624)
Net income attributable to owners of parent			175,162		175,162
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		(0)		1,042	1,042
Reversal of revaluation reserve for land			1,495		1,495
Change in ownership interest of parent due to transactions with noncontrolling interests		(36,200)			(36,200)
Transfer from retained earnings to capital surplus		36,200	(36,200)		—
Net changes except for stockholders' equity during the fiscal year					
Total changes during the fiscal year	—	—	92,833	1,037	93,870
Balance at April 1, 2019	50,472	—	1,614,908	(4,213)	1,661,168
Changes during the fiscal year					
Dividends paid			(48,557)		(48,557)
Net income attributable to owners of parent			152,426		152,426
Purchase of treasury stock				(10,003)	(10,003)
Disposal of treasury stock		(0)		1,336	1,336
Reversal of revaluation reserve for land			1,994		1,994
Change in ownership interest of parent due to transactions with noncontrolling interests		(709)			(709)
Transfer from retained earnings to capital surplus		709	(709)		—
Net changes except for stockholders' equity during the fiscal year					—
Total changes during the fiscal year	—	—	105,153	(8,666)	96,486
Balance at March 31, 2020	¥ 50,472	¥ —	¥ 1,720,062	¥ (12,880)	¥ 1,757,655

	Millions of yen								
	Accumulated other comprehensive income								
	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjust-ments	Remeasure-ments of defined benefit plans	Total accumula-ted other comprehen-sive income	Stock acquisition rights	Noncontroll-ing interests	Total net assets
Balance at April 1, 2018	¥ 486,665	¥ 33,462	¥ 43,699	¥ (3,021)	¥ (42,956)	¥ 517,849	¥ —	¥ 17,789	¥ 2,102,936
Changes during the fiscal year									
Dividends paid									(47,624)
Net income attributable to owners of parent									175,162
Purchase of treasury stock									(5)
Disposal of treasury stock									1,042
Reversal of revaluation reserve for land									1,495
Change in ownership interest of parent due to transactions with noncontrolling interests									(36,200)
Transfer from retained earnings to capital surplus									—
Net changes except for stockholders' equity during the fiscal year	(62,708)	(6,333)	(1,495)	(1,801)	4,350	(67,987)	309	227,048	159,371
Total changes during the fiscal year	(62,708)	(6,333)	(1,495)	(1,801)	4,350	(67,987)	309	227,048	253,241
Balance at April 1, 2019	423,957	27,129	42,204	(4,823)	(38,605)	449,861	309	244,838	2,356,178
Changes during the fiscal year									
Dividends paid									(48,557)
Net income attributable to owners of parent									152,426
Purchase of treasury stock									(10,003)
Disposal of treasury stock									1,336
Reversal of revaluation reserve for land									1,994
Change in ownership interest of parent due to transactions with noncontrolling interests									(709)
Transfer from retained earnings to capital surplus									—
Net changes except for stockholders' equity during the fiscal year	(117,760)	(10,509)	(1,994)	2,880	(1,796)	(129,181)	(12)	(6,927)	(136,121)
Total changes during the fiscal year	(117,760)	(10,509)	(1,994)	2,880	(1,796)	(129,181)	(12)	(6,927)	(39,634)
Balance at March 31, 2020	¥ 306,196	¥ 16,619	¥ 40,209	¥ (1,942)	¥ (40,402)	¥ 320,680	¥ 297	¥ 237,910	¥ 2,316,543

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Continued)
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2020

	Millions of U.S. dollars (Note1)				
	Stockholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at April 1, 2019	$ 463	$ —	$ 14,838	$ (38)	$ 15,263
Changes during the fiscal year					
Dividends paid			(446)		(446)
Net income attributable to owners of parent			1,400		1,400
Purchase of treasury stock				(91)	(91)
Disposal of treasury stock		(0)		12	12
Reversal of revaluation reserve for land			18		18
Change in ownership interest of parent due to transactions with noncontrolling interests		(6)			(6)
Transfer from retained earnings to capital surplus		6	(6)		—
Net changes except for stockholders' equity during the fiscal year					—
Total changes during the fiscal year	—	—	966	(79)	886
Balance at March 31, 2020	$ 463	—	$ 15,805	$ (118)	$ 16,150

	Millions of U.S. dollars (Note1)								
	Accumulated other comprehensive income								
	Net unrealized gains on available-for-sale securities	Net deferred gains on hedges	Revaluation reserve for land	Foreign currency translation adjust -ments	Remeasure -ments of defined benefit plans	Total accumula -ted other comprehen -sive income	Stock acquisition rights	Noncontroll -ing interests	Total net assets
Balance at April 1, 2019	$ 3,895	$ 249	$ 387	$ (44)	$ (354)	$ 4,133	$ 2	$ 2,249	$ 21,650
Changes during the fiscal year									
Dividends paid									(446)
Net income attributable to owners of parent									1,400
Purchase of treasury stock									(91)
Disposal of treasury stock									12
Reversal of revaluation reserve for land									18
Change in ownership interest of parent due to transactions with noncontrolling interests									(6)
Transfer from retained earnings to capital surplus									—
Net changes except for stockholders' equity during the fiscal year	(1,082)	(96)	(18)	26	(16)	(1,186)	(0)	(63)	(1,250)
Total changes during the fiscal year	(1,082)	(96)	(18)	26	(16)	(1,186)	(0)	(63)	(364)
Balance at March 31, 2020	$ 2,813	$ 152	$ 369	$ (17)	$ (371)	$ 2,946	$ 2	$ 2,186	$ 21,285

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Resona Holdings, Inc. and consolidated subsidiaries
For the fiscal year ended March 31, 2020

	Millions of yen		Millions of U.S. dollars (Note 1)
	2020	2019	2020
Cash flows from operating activities:			
Income before income taxes	¥ 212,177	¥ 238,606	$ 1,949
Adjustments for :			
Depreciation and amortization	34,145	32,214	313
Impairment losses on fixed assets	7,725	3,148	70
Gain on bargain purchase	―	(29,055)	―
Equity in earnings of investments in affiliates	(515)	(2,146)	(4)
Increase (decrease) in reserve for possible loan losses	2,163	(22,782)	19
Increase (decrease) in reserve for possible losses on investments	3	(15)	0
Increase (decrease) in reserve for employees' bonuses	(2,072)	639	(19)
(Increase) decrease in net defined benefit asset	(13,148)	6,346	(120)
Increase (decrease) in net defined benefit liability	3,632	1,563	33
Interest income	(478,252)	(483,875)	(4,394)
Interest expenses	47,122	47,965	432
Net (gains) losses on securities	(17,564)	(9,188)	(161)
Net foreign exchange (gains) losses	(18,601)	(40,629)	(170)
Net (gains) losses on disposal of fixed assets	(682)	1,162	(6)
Net (increase) decrease in trading assets	(129,367)	(57,384)	(1,188)
Net increase (decrease) in trading liabilities	(33,661)	19,210	(309)
Net (increase) decrease in loans and bills discounted	(511,055)	(927,646)	(4,695)
Net increase (decrease) in deposits	1,801,344	1,066,972	16,551
Net increase (decrease) in negotiable certificates of deposit	(252,510)	(30,511)	(2,320)
Net increase (decrease) in borrowed money (excluding subordinated borrowed money)	21,293	(52,402)	195
Net (increase) decrease in due from banks (excluding those deposited at the Bank of Japan)	46,989	28,653	431
Net (increase) decrease in call loans and other	(262,791)	194,557	(2,414)
Net increase (decrease) in call money and other	(75,963)	(145,375)	(697)
Net increase (decrease) in payables under securities lending transactions	(8,489)	(158,738)	(78)
Net (increase) decrease in foreign exchange assets	8,231	57,617	75
Net increase (decrease) in foreign exchange liabilities	689	117	6
Net increase (decrease) in straight bonds	36,200	75,005	332
Net increase (decrease) in due to trust account	161,002	99,746	1,479
Interest receipts	487,383	486,595	4,478
Interest payments	(48,691)	(48,179)	(447)
Other - net	(3,151)	(14,683)	(28)
Subtotal	1,013,586	337,508	9,313
Income taxes paid	(39,029)	(13,087)	(358)
Net cash provided by (used in) operating activities	974,556	324,420	8,954
Cash flows from investing activities:			
Purchases of securities	(7,505,855)	(11,101,320)	(68,968)
Proceeds from sales of securities	6,057,591	10,385,010	55,661
Proceeds from redemption of securities	1,182,145	984,431	10,862
Purchases of tangible fixed assets	(9,435)	(13,451)	(86)
Proceeds from sales of tangible fixed assets	7,663	1,045	70
Purchases of intangible fixed assets	(10,710)	(7,763)	(98)
Purchase of shares of affiliates accounted for using the equity method	―	(4,171)	―
Other - net	(216)	(188)	(1)
Net cash provided by (used in) investing activities	(278,818)	243,591	(2,561)
Cash flows from financing activities:			
Repayment of subordinated borrowings	(4,000)	―	(36)
Redemption of subordinated bonds	(100,000)	―	(918)
Dividends paid	(48,557)	(47,624)	(446)
Dividends paid to noncontrolling interests of consolidated subsidiaries	(4,572)	(6,988)	(42)
Purchases of treasury stock	(10,003)	(5)	(91)
Proceeds from sales of treasury stock	1,057	1,072	9
Purchases of subsidiaries' shares that do not result in change in scope of consolidation	(1,657)	(90)	(15)
Net cash provided by (used in) financing activities	(167,734)	(53,636)	(1,541)
Effect of exchange rate changes on cash and cash equivalents	(19)	19	(0)
Net increase (decrease) in cash and cash equivalents	527,984	514,394	4,851
Cash and cash equivalents at the beginning of the fiscal year	14,707,458	13,256,798	135,141
Increase in cash and cash equivalents resulting from share exchanges	―	936,265	―
Cash and cash equivalents at the end of the fiscal year (Note 3)	¥ 15,235,443	¥ 14,707,458	$ 139,993

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Resona Holdings, Inc. and consolidated subsidiaries

Fiscal year ended March 31, 2020

1. BASIS OF PRESENTATION

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

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. Certain reclassifications have been made in the 2019 consolidated financial statements to conform to the classifications used in 2020.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of the readers outside Japan and have been made at the rate of ¥108.83 to U.S. $1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on March 31, 2020. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Use of estimates

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

(2) Principles of consolidation

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

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

(a) Scope of consolidation

The number of consolidated subsidiaries as of March 31, 2020 and 2019 were twenty-nine and thirty-one, respectively.

Kansai Urban Banking Corporation (“Kansai Urban”) and The Kinki Osaka Bank, Ltd. (“Kinki Osaka”), which were consolidated subsidiaries of the Company, implemented an absorption-type merger under which Kinki Osaka was the surviving company and Kansai Urban was the dissolving company. The name of the merged company was changed to Kansai Mirai Bank, Ltd. (“Kansai Mirai Bank”).

Resona Card Co., Ltd. and Kansai Credit Service Co., Ltd., which were consolidated subsidiaries of the Company, implemented an absorption-type merger under which Resona Card Co., Ltd. was the surviving company and Kansai Credit Service Co., Ltd. was the dissolving company.

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

(b) Application of the equity method of accounting

The number of affiliates accounted for by the equity method as of March 31, 2020 and 2019 were five.

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

(c) Balance sheet dates of consolidated subsidiaries

The balance sheet dates of the consolidated subsidiaries as of March 31, 2020 and 2019 were as follows:

(Number of consolidated subsidiaries)

	2020	2019
End of December	**3**	3
End of March	**26**	28

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

(d) Eliminations of intercompany balances and transactions

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

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

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

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

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

(3) Trading assets and trading liabilities

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

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

(4) Trading income and trading expenses

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

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

(5) Securities

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

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

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

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

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

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

(6) Derivatives and hedge accounting

Derivatives are classified and accounted for as follows:

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

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

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

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

(a) Hedges of interest rate risk

Consolidated domestic banking subsidiaries apply deferral hedge accounting to the hedges of interest rate risk associated with financial assets and liabilities in accordance with the Industry Audit Committee Report No. 24, “Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry,” issued by the Japanese Institute of Certified Public Accountants (the “JICPA”) on February 13, 2002 (the “JICPA Industry Audit Committee Report No. 24”).

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

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

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

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

(b) Hedges of foreign currency risk

Consolidated domestic banking subsidiaries apply deferral hedge accounting to the hedges of foreign currency risk associated with financial assets and liabilities denominated in foreign currencies in accordance with the Industry Audit Committee Report No. 25 “Accounting and Auditing Treatments for Foreign Currency Transactions in the Banking Industry” issued by the JICPA on July 29, 2002 (the “JICPA Industry Audit Committee Report No. 25”).

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

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

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

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

(7) Depreciation and amortization

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

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

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

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

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

(c) Leased assets

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

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

(d) Goodwill

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

(8) Deferred charges

Bond issuance costs are charged to expense as incurred.

(9) Long-lived assets

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

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

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

(10) Reserve for reimbursement of deposits

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

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

(11) Reserve for possible loan losses

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

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

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

For claims to other borrowers, a reserve is provided mainly for the expected loan losses for the next one or three years. Expected loan losses are computed by using the loan loss ratios derived from the average of historical loan loss ratios for the period of one or three years, and making modifications deemed necessary considering forward looking information.

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

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

For collateralized or guaranteed claims to bankrupt obligors and effectively bankrupt obligors, uncollectible amounts (i.e., the carrying value less the amounts collectible from the disposal of collateral and execution of guarantees) are directly written off. Such uncollectible amounts as of March 31, 2020 and 2019 were ¥187,572 million ($1,723 million) and ¥203,494 million, respectively.

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

Additional Information

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

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

(12) Reserve for possible losses on investments

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

(13) Reserve for employees' bonuses

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

(14) Employees' retirement benefits

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

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

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

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

(15) Other reserves

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

(16) Translation of foreign currencies

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

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

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

(17) Income taxes

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

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

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

(18) Consumption taxes

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

(19) Cash and cash equivalents

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

(20) Per share information

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

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

(21) Accounting changes and error corrections

The Group applies ASBJ Statement No. 24 “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24 “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under these standard and guidance are as follows:

(i) Changes in accounting policies

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

(ii) Changes in presentations

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

(iii) Changes in accounting estimates

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

(iv) Corrections of prior period error

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

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

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

(i) Overview of the transaction

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

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

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

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

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

As of March 31, 2020 and 2019, the treasury stock in the ESOP trust were ¥2,191 million ($20 million) and ¥3,528 million, respectively, and the number of those shares were 3,922 thousand and 6,314 thousand, respectively.

(23) New accounting pronouncements

Accounting standards for revenue recognition

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

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 31, 2020)

(i) Overview

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

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

(ii) Scheduled date of application

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

(iii) Effects of application

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

Accounting standards for fair value measurement

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

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

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

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

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

(i) Overview

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

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

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

(ii) Scheduled date of application

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

(iii) Effects of application

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

Accounting standard for accounting policy disclosures, accounting changes and error corrections

“Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24, March 31, 2020)

(i) Overview

Purpose of the accounting standard is to provide the outline of adopted accounting policies and procedures if provisions of the related accounting standards are not clarified.

(ii) Scheduled date of application

The Group is going to apply the accounting standard from the end of the fiscal year ending March 31, 2021.

Accounting standard for disclosure of accounting estimates

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020)

(i) Overview

Purpose of the accounting standard is to disclose information relating to the accounting estimates which are recognized in the financial statements of current fiscal year and have risk of significant impact on the financial statements of the following year, and to contribute to further understanding of the financial statement users.

(ii) Scheduled date of application

The Group is going to apply the accounting standard from the end of the fiscal year ending March 31, 2021.

Additional Information

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

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

3. CASH AND CASH EQUIVALENTS

The reconciliation between “Cash and cash equivalents” in the consolidated statements of cash flows and “Cash and due from banks” in the consolidated balance sheets as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Cash and due from banks	**¥ 15,329,523**	¥ 14,848,528	**$ 140,857**
Less: Due from banks except for the Bank of Japan	**(94,080)**	(141,069)	**(864)**
Cash and cash equivalents	**¥ 15,235,443**	¥ 14,707,458	**$ 139,993**

Significant non cash transactions

For the fiscal year 2019

Kansai Urban and The Minato Bank, Ltd. ("Minato"), and their affiliated companies became newly consolidated subsidiaries through the share exchange with Kansai Mirai Financial Group, Inc. ("Kansai Mirai FG"), a consolidated subsidiary of the Company, in which Kansai Mirai FG being a wholly-owning parent company and both companies being wholly-owned subsidiaries. Assets and liabilities of Kansai Urban, Minato and their affiliated companies on the commencement of consolidation were as follows:

	Millions of yen
Assets	¥ 8,222,637
of which Loans and bills discounted	6,452,578
Liabilities	7,883,349
of which Deposits	7,297,121

Total assets include cash and cash equivalents on the commencement of consolidation amounting to ¥936,265 million, which is presented as "Increase in cash and cash equivalents resulting from share exchanges" in the consolidated statement of cash flow.

4. TRADING ASSETS AND TRADING LIABILITIES

Trading assets and liabilities as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Trading assets:			
Trading securities	**¥ 335,513**	¥ 176,730	**$ 3,082**
Trading-related financial derivatives	**121,877**	151,293	**1,119**
Total	**¥ 457,391**	¥ 328,024	**$ 4,202**
Trading liabilities:			
Derivatives of trading securities	**¥ 4**	¥ 6	**$ 0**
Derivatives of securities related to trading transactions	**—**	1	**—**
Trading-related financial derivatives	**87,254**	120,912	**801**
Total	**¥ 87,259**	¥ 120,920	**$ 801**

5. SECURITIES

Securities as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Japanese government bonds	**¥ 1,597,498**	¥ 1,586,201	**$ 14,678**
Japanese local government bonds	**953,255**	667,728	**8,759**
Japanese corporate bonds	**1,137,528**	1,068,299	**10,452**
Japanese stocks	**820,136**	1,001,782	**7,535**
Other securities	**1,047,251**	1,063,885	**9,622**
Total	**¥ 5,555,671**	¥ 5,387,898	**$ 51,049**

As of March 31, 2020 and 2019, securities included equity investments in non-consolidated subsidiaries and affiliates, accounted for by the equity method or the cost method, of ¥27,244 million ($250 million) and ¥26,823 million, respectively, and capital subscriptions to entities such as limited liability companies of ¥13,106 million ($120 million) and ¥12,142 million, respectively.

There were no securities loaned without collateral, securities borrowed without collateral, securities purchased under resale agreements or securities received under securities borrowing transactions collateralized with cash as of March 31, 2020 and 2019.

I. Securities related information

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

(1) Held-to-maturity debt securities

The amounts on the consolidated balance sheet, estimated fair value and unrealized gains (losses) on held-to-maturity debt securities as of March 31, 2020 and 2019 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2020			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**¥ 1,133,258**	**¥ 1,153,877**	**¥ 20,618**
Japanese local government bonds	**491,021**	**498,184**	**7,163**
Japanese corporate bonds	**87,518**	**88,967**	**1,448**
Total	**¥ 1,711,798**	**¥ 1,741,029**	**¥ 29,230**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**¥ 11,011**	**¥ 10,979**	**¥ (32)**
Japanese local government bonds	**215,618**	**214,712**	**(906)**
Japanese corporate bonds	**30,023**	**29,886**	**(136)**
Total	**¥ 256,653**	**¥ 255,577**	**¥ (1,075)**
Grand total	**¥ 1,968,451**	**¥ 1,996,606**	**¥ 28,155**
March 31, 2019			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ 1,539,513	¥ 1,573,668	¥ 34,154
Japanese local government bonds	486,340	496,960	10,619
Japanese corporate bonds	100,208	102,579	2,370
Total	¥ 2,126,063	¥ 2,173,208	¥ 47,145
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	¥ —	¥ —	¥ —
Japanese local government bonds	—	—	—
Japanese corporate bonds	1,400	1,393	(7)
Total	¥ 1,400	¥ 1,393	¥ (7)
Grand total	¥ 2,127,463	¥ 2,174,601	¥ 47,137

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Estimated fair value	Net unrealized gains (losses)
March 31, 2020			
Fair value exceeding amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$ 10,413**	**$ 10,602**	**$ 189**
Japanese local government bonds	**4,511**	**4,577**	**65**
Japanese corporate bonds	**804**	**817**	**13**
Total	**$ 15,729**	**$ 15,997**	**$ 268**
Fair value below amount on consolidated balance sheet:			
Held-to-maturity debt securities:			
Japanese government bonds	**$ 101**	**$ 100**	**$ (0)**
Japanese local government bonds	**1,981**	**1,972**	**(8)**
Japanese corporate bonds	**275**	**274**	**(1)**
Total	**$ 2,358**	**$ 2,348**	**$ (9)**
Grand total	**$ 18,087**	**$ 18,346**	**$ 258**

(2) Available-for-sale securities

The amounts on the consolidated balance sheet, acquisition or amortized cost and unrealized gains (losses) on available-for-sale securities as of March 31, 2020 and 2019 were as follows:

	Millions of yen		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2020			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	**¥ 684,071**	**¥ 258,410**	**¥ 425,661**
Bonds:			
Japanese government bonds	**14,121**	**14,102**	**18**
Japanese local government bonds	**79,580**	**79,413**	**167**
Japanese corporate bonds	**704,544**	**699,386**	**5,158**
Total bonds	**798,247**	**792,902**	**5,344**
Other	**682,494**	**657,848**	**24,646**
Total	**¥ 2,164,814**	**¥ 1,709,161**	**¥ 455,653**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	**¥ 76,240**	**¥ 91,492**	**¥ (15,251)**
Bonds:			
Japanese government bonds	**439,106**	**445,587**	**(6,480)**
Japanese local government bonds	**167,034**	**167,606**	**(571)**
Japanese corporate bonds	**315,441**	**317,017**	**(1,575)**
Total bonds	**921,583**	**930,211**	**(8,627)**
Other	**329,239**	**351,296**	**(22,057)**
Total	**¥ 1,327,062**	**¥ 1,373,000**	**¥ (45,937)**
Grand total	**¥ 3,491,877**	**¥ 3,082,161**	**¥ 409,715**
March 31, 2019			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	¥ 902,355	¥ 328,755	¥ 573,599
Bonds:			
Japanese government bonds	46,687	46,437	250
Japanese local government bonds	139,427	138,966	460
Japanese corporate bonds	804,260	798,138	6,122
Total bonds	990,375	983,542	6,833
Other	645,237	628,337	16,900
Total	¥ 2,537,968	¥ 1,940,635	¥ 597,333
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	¥ 39,274	¥ 47,505	¥ (8,230)
Bonds:			
Japanese government bonds	—	—	—
Japanese local government bonds	41,959	41,986	(27)
Japanese corporate bonds	162,430	163,394	(964)
Total bonds	204,390	205,381	(991)
Other	390,904	401,741	(10,837)
Total	¥ 634,569	¥ 654,628	¥ (20,059)
Grand total	¥ 3,172,537	¥ 2,595,264	¥ 577,273

	Millions of U.S. dollars		
	Amount on consolidated balance sheet	Acquisition/ amortized cost	Net unrealized gains (losses)
March 31, 2020			
Amount on consolidated balance sheet exceeding acquisition or amortized cost:			
Japanese stocks	$ **6,285**	$ **2,374**	$ **3,911**
Bonds:			
Japanese government bonds	**129**	**129**	**0**
Japanese local government bonds	**731**	**729**	**1**
Japanese corporate bonds	**6,473**	**6,426**	**47**
Total bonds	**7,334**	**7,285**	**49**
Other	**6,271**	**6,044**	**226**
Total	$ **19,891**	$ **15,704**	$ **4,186**
Amount on consolidated balance sheet below acquisition or amortized cost:			
Japanese stocks	$ **700**	$ **840**	$ **(140)**
Bonds:			
Japanese government bonds	**4,034**	**4,094**	**(59)**
Japanese local government bonds	**1,534**	**1,540**	**(5)**
Japanese corporate bonds	**2,898**	**2,912**	**(14)**
Total bonds	**8,468**	**8,547**	**(79)**
Other	**3,025**	**3,227**	**(202)**
Total	$ **12,193**	$ **12,616**	$ **(422)**
Grand total	$ **32,085**	$ **28,320**	$ **3,764**

(3) Securities sold during the fiscal year

Proceeds from sales of available-for-sale securities, gains on sales and losses on sales for the fiscal years ended March 31, 2020 and 2019 were as follows:

	Millions of yen			Millions of U.S. dollars		
	Proceeds from sales	Gains on sales	Losses on sales	Proceeds from sales	Gains on sales	Losses on sales
March 31, 2020						
Available-for-sale securities:						
Japanese stocks	¥ **39,258**	¥ **19,752**	¥ **761**	$ **360**	$ **181**	$ **6**
Bonds:						
Japanese government bonds	**3,601,203**	**8,367**	**2,850**	**33,090**	**76**	**26**
Japanese local government bonds	**56,309**	**169**	—	**517**	**1**	—
Japanese corporate bonds	**94,066**	**543**	**0**	**864**	**4**	**0**
Total bonds	**3,751,579**	**9,080**	**2,850**	**34,471**	**83**	**26**
Other	**2,205,882**	**34,886**	**32,718**	**20,269**	**320**	**300**
Total	¥ **5,996,719**	¥ **63,719**	¥ **36,330**	$ **55,101**	$ **585**	$ **333**
March 31, 2019						
Available-for-sale securities:						
Japanese stocks	¥ 27,995	¥ 13,194	¥ 583			
Bonds:						
Japanese government bonds	7,535,460	6,585	6,552			
Japanese local government bonds	101,136	112	5			
Japanese corporate bonds	124,622	189	127			
Total bonds	7,761,219	6,887	6,685			
Other	2,498,867	26,853	26,767			
Total	¥ 10,288,083	¥ 46,936	¥ 34,036			

(4) Change in classification of securities

For the fiscal years ended March 31, 2020 and 2019, the Group did not reclassify any securities.

(5) Impairment of securities

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

For the fiscal years ended March 31, 2020 and 2019, impairment losses of ¥8,664 million ($79 million) and ¥2,716 million, respectively, were recorded with respect to securities with fair values except for trading securities.

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

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

(ii) For issuers who are classified as watch obligors and for issuers who are not rated: where the fair value declines by 30% or more compared to the amortized cost or acquisition cost.

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

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

Reconciliation of net unrealized gains on available-for-sale securities to the amounts included in "net unrealized gains on available-for-sale securities," presented as a separate component of net assets in the consolidated balance sheets as of March 31, 2020 and 2019, were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Net unrealized gains before taxes on available-for-sale securities (*)	**¥ 402,583**	¥ 569,611	**$ 3,699**
Deferred tax liabilities	**(99,290)**	(142,213)	**(912)**
Net unrealized gains on available-for-sale securities (before adjustment)	**303,292**	427,398	**2,786**
Amounts attributable to noncontrolling interests	**2,921**	(3,445)	**26**
The Company's portion of unrealized gains (losses) on available-for-sale securities of equity method investees	**(18)**	4	**(0)**
Amounts recorded in the consolidated balance sheets	**¥ 306,196**	¥ 423,957	**$ 2,813**

Note: For the fiscal years ended March 31, 2020 and 2019, discontinued fair value hedge gains previously recognized as income of ¥7,132 million ($65 million) and ¥7,662 million, respectively, were excluded from net unrealized gains before taxes on available-for-sale securities.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Bills discounted	**¥ 90,012**	¥ 123,093	**$ 827**
Loans on notes	**516,147**	572,353	**4,742**
Loans on deeds	**32,639,216**	32,243,866	**299,910**
Overdrafts	**3,400,175**	3,195,184	**31,242**
Total	**¥ 36,645,552**	¥ 36,134,497	**$ 336,722**

The following loans were included in loans and bills discounted as of March 31, 2020 and 2019

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Loans to borrowers in legal bankruptcy	**¥ 14,835**	¥ 15,081	**$ 136**
Past due loans	**342,223**	353,893	**3,144**
Loans past due three months or more	**5,422**	3,030	**49**
Restructured loans	**164,250**	158,821	**1,509**
Total	**¥ 526,732**	¥ 530,827	**$ 4,839**

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

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

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

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

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

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

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

Bills discounted are recorded as lending transactions in accordance with the JICPA Industry Audit Committee Report No. 24 issued on February 13, 2002. Certain consolidated banking subsidiaries have a right to sell or repledge as collateral such discounted bills at their discretion. The total face value of bank acceptance bills, commercial bills, documentary bills and foreign currency bills bought, which were obtained at a discount, were ¥101,492 million ($932 million) and ¥132,813 million as of March 31, 2020 and 2019, respectively.

For loan participations, the total outstanding amounts deducted from the principal of loans and bills discounted was not applicable as of March 31, 2020 and amounted to ¥3,000 million as of March 31, 2019, which are deemed to be sold to other participant, in accordance with the Accounting System Committee Report No. 3, “Accounting Treatment and Representation of Loan Participation” issued by JICPA on November 28, 2014. The total participated principal amounts accounted as loans for original debtors was ¥38,657 million ($355 million) and ¥52,229 million as of March 31, 2020 and 2019, respectively.

7. FOREIGN EXCHANGE

Foreign exchange assets and liabilities as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Assets:			
Due from foreign banks	**¥ 64,507**	¥ 67,067	**$ 592**
Foreign bills of exchange bought	**11,480**	9,719	**105**
Foreign bills of exchange receivable	**31,472**	38,903	**289**
Total	**¥ 107,460**	¥ 115,691	**$ 987**
Liabilities:			
Due to foreign banks	**¥ 2,959**	¥ 1,776	**$ 27**
Foreign bills of exchange sold	**515**	410	**4**
Foreign bills of exchange payable	**1,601**	2,200	**14**
Total	**¥ 5,076**	¥ 4,387	**$ 46**

8. OTHER ASSETS

Other assets as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Prepaid expenses	**¥ 14,397**	¥ 14,399	**$ 132**
Accrued income	**50,018**	57,031	**459**
Initial margins for futures transactions	**58,263**	57,318	**535**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**147,837**	185,514	**1,358**
Guarantee deposits	**23,935**	46,966	**219**
Cash collateral paid for financial instruments	**93,726**	96,818	**861**
Other receivable on sales of securities	**30,607**	71,340	**281**
Other	**545,526**	559,003	**5,012**
Total	**¥ 964,312**	¥ 1,088,392	**$ 8,860**

9. TANGIBLE FIXED ASSETS

Tangible fixed assets as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Land, buildings and leased assets	**¥ 666,887**	¥ 669,351	**$ 6,127**
Construction in progress	**3,851**	2,608	**35**
Subtotal	**670,738**	671,960	**6,163**
Accumulated depreciation	**(300,947)**	(291,051)	**(2,765)**
Total	**¥ 369,790**	¥ 380,909	**$ 3,397**

Under certain conditions such as exchanges of tangible fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to effectively defer the recognition of taxable profit arising from such transactions by reducing the cost of the assets acquired. Such deferred profit amounted to ¥49,182 million ($451 million) and ¥50,321 million as of March 31, 2020 and 2019, respectively.

10. INTANGIBLE FIXED ASSETS

Intangible fixed assets as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Software	**¥ 17,996**	¥ 17,693	**$ 165**
Leased assets	**25,574**	16,593	**234**
Other intangible fixed assets	**6,199**	6,310	**56**
Total	**¥ 49,770**	¥ 40,597	**$ 457**

11. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and debt collateralized as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Assets pledged as collateral:			
Cash and due from banks	**¥ 7,794**	¥ 2,781	**$ 71**
Trading assets	—	5,000	—
Securities	**2,334,527**	2,160,997	**21,451**
Loans and bills discounted	**90,040**	75,353	**827**
Lease receivables and investments in leases	**9,543**	11,337	**87**
Other assets	**11,598**	10,215	**106**
Debt collateralized:			
Deposits	**¥ 169,397**	¥ 130,113	**$ 1,556**
Payables under repurchase agreements	—	5,000	—
Payables under securities lending transactions	**532,433**	540,922	**4,892**
Borrowed money	**679,660**	650,227	**6,245**
Other liabilities	**11,430**	—	**105**

In addition to the pledged assets shown above, the following assets were pledged as collateral for settlements of domestic exchanges, or for futures transactions as of March 31, 2020 and 2019.

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Assets pledged as collateral:			
Cash and due from banks	**¥ 0**	¥ 0	**$ 0**
Securities	**26,907**	96,293	**247**
Other assets	**450,709**	450,676	**4,141**

In addition to the above, following initial margins for futures transactions, cash collateral paid for financial instruments and guarantee deposits were included in other assets as of March 31, 2020 and 2019.

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Initial margins for futures transactions	**¥ 58,263**	¥ 57,318	**$ 535**
Cash collateral paid for financial instruments	**93,726**	96,818	**861**
Guarantee deposits	**23,935**	46,966	**219**

12. COMMITMENT LINE AGREEMENTS

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

Unused balances related to these agreements as of March 31, 2020 and 2019 amounted to ¥10,452,521 million ($96,044 million) and ¥10,408,066 million, respectively, including ¥9,780,311 million ($89,867 million) and ¥9,690,382 million, respectively, of agreements with original terms of one year or less or those that are unconditionally cancellable by the Group at any time without penalty.

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

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

13. DEPOSITS

Deposits as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Current deposits	**¥ 4,194,841**	¥ 3,885,898	**$ 38,544**
Ordinary deposits	**33,396,436**	31,388,084	**306,867**
Savings deposits	**365,818**	371,098	**3,361**
Notice deposits	**95,554**	106,478	**878**
Time deposits	**13,622,090**	14,202,029	**125,168**
Other deposits	**1,235,238**	1,155,044	**11,350**
Total	**¥ 52,909,979**	¥ 51,108,635	**$ 486,170**

14. BORROWED MONEY AND LEASE OBLIGATIONS

(1) Borrowed money

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. The weighted average annual interest rates applicable to borrowed money were 0.53% and 0.67% for the fiscal years ended March 31, 2020 and 2019, respectively.

Borrowed money includes subordinated borrowed money of ¥5,200 million ($47 million) and ¥9,200 million which performance of the obligation is subordinated as of March 31, 2020 and 2019, respectively.

The following is a summary of maturities of borrowed money subsequent to March 31, 2020:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2021	**¥ 265,356**	**$ 2,438**
2022	**117,660**	**1,081**
2023	**188,343**	**1,730**
2024	**172,544**	**1,585**
2025	**21,626**	**198**
2026 and thereafter	**4,399**	**40**
Total	**¥ 769,930**	**$ 7,074**

(2) Obligations under finance lease transactions

As of March 31, 2020 and 2019, the weighted average annual interest rates applicable to the finance lease obligations were 0.13% and 0.20%, respectively.

The following is a summary of maturities of the finance lease obligations subsequent to March 31, 2020:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2021	¥ 14,012	$ 128
2022	11,512	105
2023	9,159	84
2024	6,787	62
2025	3,039	27
2026 and thereafter	469	4
Total	¥ 44,980	$ 413

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

15. BONDS

Bonds as of March 31, 2020 and 2019 consisted of the following:

	Rate	Maturity	Millions of yen	Millions of U.S. dollars
March 31, 2020				
The Company:				
No. 11 Straight bond	**0.05%**	**July 27, 2021**	**¥ 30,000**	**$ 275**
No. 12 Straight bond	**0.12%**	**January 24, 2022**	**25,000**	**229**
No. 13 Straight bond	**0.06%**	**June 2, 2020**	**20,000**	**183**
No. 14 Straight bond	**0.15%**	**June 2, 2022**	**30,000**	**275**
No. 15 Straight bond	**0.25%**	**May 31, 2024**	**10,000**	**91**
No. 16 Straight bond	**0.08%**	**December 18, 2020**	**10,000**	**91**
No. 17 Straight bond	**0.18%**	**December 20, 2022**	**20,000**	**183**
No. 18 Straight bond	**0.06%**	**July 23, 2021**	**10,000**	**91**
No. 19 Straight bond	**0.17%**	**July 21, 2023**	**30,000**	**275**
No. 20 Straight bond	**0.27%**	**July 23, 2025**	**10,000**	**91**
No. 21 Straight bond	**0.18%**	**December 14, 2023**	**25,000**	**229**
No. 22 Straight bond	**0.14%**	**July 19, 2024**	**30,000**	**275**
No. 23 Straight bond	**0.06%**	**December 13, 2022**	**10,000**	**91**
Resona Bank, Limited:				
Subordinated bonds	**1.60% to 2.76%**	**June 20, 2019 to March 15, 2027**	**136,000**	**1,249**
Total			**¥ 396,000**	**$ 3,638**

	Rate	Maturity	Millions of yen
March 31, 2019			
The Company:			
No. 11 Straight bond	0.05%	July 27, 2021	¥ 30,000
No. 12 Straight bond	0.12%	January 24, 2022	25,000
No. 13 Straight bond	0.06%	June 2, 2020	20,000
No. 14 Straight bond	0.15%	June 2, 2022	30,000
No. 15 Straight bond	0.25%	May 31, 2024	10,000
No. 16 Straight bond	0.08%	December 18, 2020	10,000
No. 17 Straight bond	0.18%	December 20, 2022	20,000
No. 18 Straight bond	0.06%	July 23, 2021	10,000
No. 19 Straight bond	0.17%	July 21, 2023	30,000
No. 20 Straight bond	0.27%	July 23, 2025	10,000
No. 21 Straight bond	0.18%	December 14, 2023	25,000
Resona Bank, Limited:			
Subordinated bonds	1.60% to 2.76%	June 20, 2019 to March 15, 2027	236,000
P.T. Bank Resona Perdania (*1):			
Straight bond (*2)	10.50%	February 26, 2019	3,799
Total			¥ 459,799

Notes: (*1) P.T. Bank Resona Perdania is a consolidated subsidiary of Resona Bank, Limited ("Resona Bank") which has 48.4% of its voting rights.
(*2) The amount includes the balance of bonds denominated in foreign currency issued at IDR Rp 499,873 million as of March 31, 2019.
3 All of the outstanding bonds are unsecured.

The following is a summary of the maturities of bonds subsequent to March 31, 2020:

Fiscal Year Ending March 31	Millions of yen	Millions of U.S. dollars
2021	¥ **70,000**	$ **643**
2022	**125,000**	**1,148**
2023	**60,000**	**551**
2024	**55,000**	**505**
2026	**40,000**	**367**
2026 and thereafter	**46,000**	**422**
Total	¥ **396,000**	$ **3,638**

Note: The above amounts are stated at carrying amounts.

16. OTHER LIABILITIES

Other liabilities as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Accrued income taxes	¥ **13,090**	¥ 15,665	$ **120**
Accrued expenses	**20,782**	21,956	**190**
Unearned income	**36,139**	34,359	**332**
Cash collateral received for financial instruments	**44,842**	60,658	**412**
Lease obligations	**44,980**	34,077	**413**
Asset retirement obligations	**3,102**	2,216	**28**
Other payable on purchases of securities	**49,014**	45,629	**450**
Financial derivatives, principally including option premiums and contracts under hedge accounting	**102,856**	130,685	**945**
Other	**385,939**	400,893	**3,546**
Total	¥ **700,746**	¥ 746,140	$ **6,438**

17. OTHER RESERVES

(i) A reserve for reimbursement of deposits is provided for the estimated future losses resulting from reimbursements of deposits subsequent to the period of derecognition of the related liabilities, and amounted to ¥26,791 million ($246 million) and 31,887 million as of March 31, 2020 and 2019, respectively.

(ii) A reserve for expense on burden charge under the credit guarantee system is provided for the estimated future losses to be charged by the credit guarantee corporation under the burden sharing system for credit losses on loans to certain small and medium-sized companies, and amounted to ¥5,039 million ($46 million) and ¥4,860 million as of March 31, 2020 and 2019, respectively.

(iii) A reserve for Resona Club points is provided for the estimated future expense by usage of the points awarded to the Resona Club members and amounted to ¥4,895 million ($44 million) and ¥4,784 million as of March 31, 2020 and 2019, respectively.

18. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

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

In addition to the acceptances and guarantees described above, a consolidated domestic banking subsidiary guarantees the principals on certain jointly managed trust products. The guaranteed principal amounts held in such trusts were ¥1,329,704 million ($12,218 million) and ¥1,176,651 million as of March 31, 2020 and 2019, respectively.

19. REVALUATION RESERVE FOR LAND

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

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

The aggregate carrying value of the land after one-time revaluation exceeded its aggregate fair value that was determined in accordance with Article 10 of the Act by ¥2,265 million ($20 million) and ¥6,922 million as of March 31, 2020 and 2019, respectively.

20. NET ASSETS

(1) Capital requirement

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

(i) Dividends

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

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

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

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

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

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

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

(iii) Treasury stock and treasury stock acquisition rights

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

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

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

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

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

(2) Capital stock - Changes during the fiscal year

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

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

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

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

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

The changes in the number and class of shares issued and treasury stock for the fiscal year ended March 31, 2019 were as follows:

	(Shares in thousands)				
	As of April 1, 2018	Changes during the fiscal year Increase	Decrease	As of March 31, 2019	
Issued stock:					
Common stock	2,324,118	—	—	2,324,118	
Treasury stock:					
Common stock	9,153	8	1,865	7,296	(*1)(*2)

Notes: (*1) The increase represents acquisition of 8 thousand odd-lot shares.

(*2) The decrease represents cancellation of 0 thousand odd-lot shares and sales of 1,865 thousand shares owned by the ESOP trust to the ESA.

Number of shares at the beginning of the fiscal year and the end of the fiscal year include 8,179 thousand shares and 6,314 thousand shares, respectively, owned by the ESOP trust.

(3) Capital stock – Number of shares

Number of shares of common stock as of March 31, 2020 was as follows:

	Number of shares	
Class of stock	Authorized	Issued
Common stock......	**6,000,000,000**	**2,324,118,091**

Notes: (*1) In addition to the above, the authorized numbers of shares for preferred stocks are as follows as of March 31, 2020:

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

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

(4) Cash dividends per share

Cash dividends per share applicable to the fiscal years ended March 31, 2020 and 2019 and cash dividends per share paid during the fiscal years ended March 31, 2020 and 2019 were as follows:

	Cash dividends per share applicable to the fiscal year					
	Yen				U.S. dollars	
	2020		2019		**2020**	
Source of dividends / Class of stock	Interim cash dividend (*1)	Year-end cash dividend (*2)	Interim cash dividend	Year-end cash dividend (*3)	Interim cash dividend (*1)	Year-end cash dividend (*2)
Dividends from retained earnings:						
Common stock	**¥ 10.500**	**¥ 10.500**	¥ 10.500	¥ 10.500	**$ 0.096**	**$ 0.096**

	Cash dividends per share paid during the fiscal year					
	Yen				U.S. dollars	
	2020		2019		**2020**	
Source of dividends / Class of stock	Year-end cash dividend (*3)	Interim cash dividend (*1)	Year-end cash dividend (*4)	Interim cash dividend	Year-end cash dividend (*3)	Interim cash dividend (*1)
Dividends from retained earnings:						
Common stock	**¥ 10.500**	**¥ 10.500**	¥ 10.000	¥ 10.500	**$ 0.096**	**$ 0.096**

Notes: (*1) Interim cash dividends for the fiscal year ended March 31, 2020 were approved at the Board of Directors' meeting held on November 8, 2019.
(*2) Year-end cash dividends for the fiscal year ended March 31, 2020 were approved at the Board of Directors' meeting held on May 12, 2020.
(*3) Year-end cash dividends for the fiscal year ended March 31, 2019 were approved at the Board of Directors' meeting held on May 10, 2019.
(*4) Year-end cash dividends for the fiscal year ended March 31, 2018 were approved at the Board of Directors' meeting held on May 11, 2018.

21. INTEREST INCOME AND EXPENSES

Interest income and expenses for the fiscal years ended March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Interest income:			
Interest on loans and bills discounted	**¥ 369,559**	¥ 380,306	**$ 3,395**
Interest and dividends on securities	**74,157**	67,392	**681**
Interest on call loans and bills bought	**1,990**	1,365	**18**
Interest on receivables under securities borrowing transactions	**(3)**	(7)	**(0)**
Interest on receivables under repurchase agreements	**0**	0	**0**
Interest on due from banks	**11,337**	11,681	**104**
Other interest income	**21,210**	23,137	**194**
Total	**¥ 478,252**	¥ 483,875	**$ 4,394**
Interest expenses:			
Interest on deposits	**¥ 19,384**	¥ 19,580	**$ 178**
Interest on negotiable certificates of deposit	**90**	110	**0**
Interest on call money and bills sold	**3,047**	3,858	**27**
Interest on payables under repurchase agreements	**0**	0	**0**
Interest on payables under securities lending transactions	**12,890**	10,930	**118**
Interest on borrowed money	**4,777**	4,519	**43**
Interest on bonds	**4,289**	5,683	**39**
Other interest expenses	**2,641**	3,282	**24**
Total	**¥ 47,122**	¥ 47,965	**$ 432**

22. TRADING INCOME

Trading income for the fiscal years ended March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
Trading income:	**2020**	2019	**2020**
Income from trading securities	**¥ —**	¥ 472	**$ —**
Income from trading-related financial derivatives	**5,157**	5,468	**47**
Other trading income	**77**	152	**0**
Total	**¥ 5,235**	¥ 6,094	**$ 48**

Income from trading securities included net valuation gain of ¥50 million ($0 million) and ¥27 million for the fiscal years ended March 31, 2020 and 2019, respectively.

23. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses for the fiscal years ended March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Other operating income:			
Gains on foreign exchange transactions	**¥ 13,800**	¥ 11,769	**$ 126**
Gains on sales of Japanese government bonds and other	**31,973**	20,058	**293**
Other	**23,549**	19,248	**216**
Total	**¥ 69,323**	¥ 51,077	**$ 636**
Other operating expenses:			
Losses on sales of Japanese government bonds and other	**¥ 10,649**	¥ 18,988	**$ 97**
Impairment losses on Japanese corporate bonds and other	**3,856**	1,064	**35**
Expenses on derivatives other than for trading or hedging	**3,033**	4,841	**27**
Other	**19,205**	17,842	**176**
Total	**¥ 36,745**	¥ 42,736	**$ 337**

24. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the fiscal years ended March 31, 2020 and 2019 included following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Salaries and allowances	**¥ 167,470**	¥ 171,549	**$ 1,538**

25. OTHER INCOME AND EXPENSES

Other income and expenses for the fiscal years ended March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Other income:			
Gain on bargain purchase	**¥ —**	¥ 29,055	**$ —**
Gains on sales of stocks and other securities	**31,216**	26,877	**286**
Gains on disposal of fixed assets	**2,381**	362	**21**
Reversal of reserve for possible loan losses	**—**	9,183	**—**
Recoveries of written-off loans	**15,521**	9,677	**142**
Gains on step acquisitions	**—**	10,843	**—**
Gain on contribution of securities to retirement benefit trust	**4,930**	—	**45**
Other	**22,623**	10,180	**207**
Total	**¥ 76,673**	¥ 96,179	**$ 704**

	Millions of yen			Millions of U.S. dollars
	2020	2019		**2020**
Other expenses:				
Write-offs of loans	¥ **19,758**	¥ 18,683		$ **181**
Provision to reserve for possible loan losses	**15,349**	—		**141**
Losses on sales of stocks and other securities	**25,680**	15,048		**235**
Impairment losses on stocks and other securities	**5,003**	1,677		**45**
Losses on disposal of fixed assets	**1,699**	1,525		**15**
Impairment losses on fixed assets (*1)	**7,725**	3,148		**70**
Other	**21,419**	22,184		**196**
Total	¥ **96,635**	¥ 62,268		$ **887**

Note: (*1) One of the consolidated banking subsidiaries in Kansai region decided an integration, abolition and relocation of their branches after the merger, and the carrying amount (land and buildings) is expected not to be recoverable. The carrying amount was reduced to the recoverable amount and ¥4,610 million ($42 million) of impairment losses on fixed assets was recognized and included in the above table. The recoverable amounts are measured by their net realizable values, which are computed at their appraisal values determined in accordance with the real estate appraisal standards less those estimated disposal costs. The branches, for which income and expenditures are managed and monitored continuously, are mainly considered as the smallest unit of grouping.

26. INCOME TAXES

The Company and its consolidated domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.59% for the fiscal years ended March 31, 2020 and 2019.

The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Deferred tax assets:			
Write-downs of securities	¥ **533,119**	¥ 536,680	$ **4,898**
Reserve for possible loan losses and write-offs of loans	**88,964**	90,275	**817**
Net defined benefit liability	**44,013**	41,846	**404**
Tax loss carryforwards (*2)	**27,212**	50,100	**250**
Other	**68,020**	66,181	**625**
Gross deferred tax assets	**761,330**	785,084	**6,995**
Less: Valuation allowance for tax loss carryforwards (*2)	**(20,974)**	(22,142)	**(192)**
Valuation allowance for total of deductible temporary differences	**(578,196)**	(583,905)	**(5,312)**
Valuation allowance total (*1)	**(599,171)**	(606,047)	**(5,505)**
Total deferred tax assets	**162,159**	179,036	**1,490**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**(103,022)**	(148,966)	**(946)**
Deferred gains on hedges	**(7,750)**	(11,956)	**(71)**
Gains on securities transferred to employees' retirement benefit trust	**(5,657)**	(4,143)	**(51)**
Dividends receivable	**(3,089)**	(3,325)	**(28)**
Other	**(12,861)**	(9,390)	**(118)**
Total deferred tax liabilities	**(132,380)**	(177,783)	**(1,216)**
Net deferred tax assets	¥ **29,778**	¥ 1,252	$ **273**

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

(*2) Breakdown of tax loss carryforwards and related deferred tax assets by expiry date as of March 31, 2020 and 2019 are as follows.

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

Fiscal Year Ending March 31,2019	2020	2021	2022	2023	2024	2025 and thereafter	Total
Tax loss carryforwards (*)	¥ 22,170	¥ 9,440	¥ 812	¥ 1,011	¥ 160	¥ 16,504	¥ 50,100
Valuation allowance	(2,881)	(2,690)	(109)	(225)	(136)	(16,099)	(22,142)
Deferred tax assets	¥ 19,288	¥ 6,750	¥ 703	¥ 786	¥ 24	¥ 404	¥ 27,958

Fiscal Year Ending March 31,2020	2021	2022	2023	2024	2025	2026 and thereafter	Total
Tax loss carryforwards (*)	**$ 73**	**$ 0**	**$ 7**	**$ 2**	**$ 0**	**$ 165**	**$ 250**
Valuation allowance	**(22)**	**(0)**	**(3)**	**(0)**	**(0)**	**(165)**	**(192)**
Deferred tax assets	**$ 50**	**$ 0**	**$ 4**	**$ 1**	**$ 0**	**$ 0**	**$ 57**

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

Reconciliations between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the fiscal years ended March 31, 2020 and 2019 were as follows:

	2020	2019
Normal effective statutory tax rate	**30.59%**	30.59%
Change in valuation allowance	**(2.78)**	(2.35)
Lower tax rates applicable to income of subsidiaries	**(0.03)**	0.03
Dividends exempted for income tax purposes	**(0.66)**	(0.74)
Tax loss carryforwards expired	**0.16**	2.63
Consolidation adjustment due to the business combination	—	(5.11)
Other	**(0.52)**	(1.02)
Actual effective tax rate	**26.74%**	24.01%

27. LEASE TRANSACTIONS

(1) Lessee

(a) Finance lease transactions

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

(b) Operating lease transactions

As of March 31, 2020 and 2019, future minimum lease payments including interest expense under non-cancellable operating lease transactions were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Due within one year	**¥ 3,542**	¥ 5,535	**$ 32**
Due after one year	**18,096**	18,515	**166**
Total	**¥ 21,638**	¥ 24,050	**$ 198**

(2) Lessor

(a) Finance lease transactions

(i) Investments in leases consist of the followings.

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Gross lease receivables	**¥ 27,962**	¥ 26,736	**$ 256**
Unguaranteed residual values	**3,947**	3,838	**36**
Unearned interest income	**(2,559)**	(2,503)	**(23)**
Investments in leases	**¥ 29,350**	¥ 28,072	**$ 269**

(ii) Maturities of gross lease receivables for lease receivables as of March 31, 2020

	Millions of yen	Millions of U.S. dollars
Fiscal Year Ending March 31, 2020	**2020**	**2020**
2021	**¥ 4,857**	**$ 44**
2022	**3,256**	**29**
2023	**1,907**	**17**
2024	**1,000**	**9**
2025	**404**	**3**
2026 and thereafter	**204**	**1**
Total	**¥ 11,631**	**$ 106**

(iii) Maturities of gross lease receivables for investments in leases as of March 31, 2020

	Millions of yen	Millions of U.S. dollars
Fiscal Year Ending March 31, 2020	**2020**	**2020**
2021	**¥ 8,609**	**$ 79**
2022	**7,081**	**65**
2023	**5,205**	**47**
2024	**3,496**	**32**
2025	**1,893**	**17**
2026 and thereafter	**1,674**	**15**
Total	**¥ 27,962**	**$ 256**

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

I. Conditions of financial instruments

(1) Policies and objectives for using financial instruments

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

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

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

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

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

(2) Type of and risks associated with financial instruments

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

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

(b) Type of and risks associated with securities

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

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

(c) Type of and risks associated with derivative transactions

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

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

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

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

(i) Customers' risk hedging needs

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

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

- Sufficient explanation of the products and associated risks

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

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

- Customers' responsibility and capability to enter into a transaction

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

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

- Providing relevant fair value information

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

(ii) Hedging risks of financial assets and liabilities

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

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

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

(iii) Trading activities

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

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

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

(d) Type of and risks associated with financial liabilities

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

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

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

(3) Risk management system related to financial instruments

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

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

(a) Credit risk management

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

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

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

(b) Market risk management

(i) Market risk management system

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

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

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

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

(ii) Quantitative information on market risk

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

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

(Trading)
The Group adopts a historical simulation method (holding period is 10 business days, confidence interval is 99%, observation period is 250 business days) in order to measure VaR associated with securities held for trading and derivative instruments. The market risk exposures of the Group in the trading operation as of March 31, 2020 and 2019 were ¥525 million ($4 million) and ¥129 million, respectively.

(Banking)
In the banking operation, each bank of the Group deals with financial instruments other than those held for trading and securities held for the purpose of strategic investment, and any other assets and liabilities. The Group adopts a historical simulation method or a delta method (holding period is 20 or 125 business days, confidence interval is 99%, observation period is 250 or 1,250 business days) in order to measure VaR associated with the banking operation. The market risk exposures of the Group in the banking operation as of March 31, 2020 and 2019 were ¥68,432 million ($628 million) and ¥39,457 million, respectively.

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

strategic investment as of March 31, 2020 and 2019 were ¥34,815 million ($319 million) and ¥19,035 million, respectively.

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

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

(c) Liquidity risk management

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

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

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

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

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

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

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

II. Fair value of financial instruments

Amount on consolidated balance sheet, fair values and differences between them as of March 31, 2020 and 2019 were as follows. The below table does not include non-marketable securities whose fair values cannot be reliably determined such as non-listed equity securities (Refer to (Note 2) "Financial instruments whose fair values cannot be reliably determined"):

	Millions of yen		
	Amount on consolidated balance sheet	Fair value	Difference
March 31, 2020			
Cash and due from banks	¥ **15,329,523**	¥ **15,329,523**	¥ —
Call loans and bills bought	**473,438**	**473,438**	—
Monetary claims bought (*1)	**248,463**	**246,997**	**(1,465)**
Trading assets:			
Trading securities	**335,513**	**335,513**	—
Securities:			
Held-to-maturity debt securities	**1,968,451**	**1,996,606**	**28,155**
Available-for-sale securities.	**3,490,079**	**3,490,079**	—
Loans and bills discounted	**36,645,552**		
Reserve for possible loan losses (*1)	**(148,833)**		
	36,496,719	**36,680,527**	**183,807**
Foreign exchange assets (*1)	**107,344**	**107,430**	**86**
Lease receivables and investments in leases (*1)	**40,253**	**42,328**	**2,075**
Total assets	¥ **58,489,787**	¥ **58,702,446**	¥ **212,659**

	Millions of yen		
	Amount on consolidated balance sheet	Fair value	Difference
March 31, 2020			
Deposits	**¥ 52,909,979**	**¥ 52,910,194**	**¥ 214**
Negotiable certificates of deposit	**942,840**	**942,832**	**(7)**
Call money and bills sold	**69,636**	**69,636**	**—**
Payables under repurchase agreements	**—**	**—**	**—**
Payables under securities lending transactions	**532,433**	**532,433**	**—**
Borrowed money	**769,930**	**769,941**	**10**
Foreign exchange liabilities	**5,076**	**5,076**	**—**
Bonds	**396,000**	**401,397**	**5,397**
Due to trust account	**1,316,807**	**1,316,807**	**—**
Total liabilities	**¥ 56,942,703**	**¥ 56,948,319**	**¥ 5,615**
Derivative transactions (*2):			
Hedge accounting not applied	**¥ 50,299**	**¥ 50,299**	**¥ —**
Hedge accounting applied	**29,218**	**28,559**	**(658)**
Total derivative transactions	**¥ 79,518**	**¥ 78,859**	**¥ (658)**
March 31, 2019			
Cash and due from banks	¥ 14,848,528	¥ 14,848,527	¥ (1)
Call loans and bills bought	177,949	177,949	—
Monetary claims bought (*1)	281,178	279,618	(1,560)
Trading assets:			
Trading securities	176,730	176,730	—
Securities:			
Held-to-maturity debt securities	2,127,463	2,174,601	47,137
Available-for-sale securities.	3,165,011	3,165,011	—
Loans and bills discounted	36,134,497		
Reserve for possible loan losses (*1)	(145,642)		
	35,988,854	36,182,035	193,180
Foreign exchange assets (*1)	115,523	115,629	105
Lease receivables and investments in leases (*1)	40,678	43,339	2,660
Total assets	¥ 56,921,917	¥ 57,163,441	¥ 241,524
Deposits	¥ 51,108,635	¥ 51,109,035	¥ 400
Negotiable certificates of deposit	1,195,350	1,195,343	(6)
Call money and bills sold	140,599	140,599	—
Payables under repurchase agreements	5,000	5,000	—
Payables under securities lending transactions	540,922	540,922	—
Borrowed money	752,637	752,766	129
Foreign exchange liabilities	4,387	4,387	—
Bonds	459,799	470,699	10,900
Due to trust account	1,155,804	1,155,804	—
Total liabilities	¥ 55,363,135	¥ 55,374,558	¥ 11,423
Derivative transactions (*2):			
Hedge accounting not applied	¥ 42,359	¥ 42,359	¥ —
Hedge accounting applied	42,796	41,924	(871)
Total derivative transactions	¥ 85,155	¥ 84,284	¥ (871)

March 31, 2020	Millions of U.S. dollars Amount on consolidated balance sheet	Fair value	Difference
Cash and due from banks	$ 140,857	$ 140,857	$ —
Call loans and bills bought	4,350	4,350	—
Monetary claims bought (*1)	2,283	2,269	(13)
Trading assets:			
Trading securities	3,082	3,082	—
Securities:			
Held-to-maturity debt securities	18,087	18,346	258
Available-for-sale securities.	32,069	32,069	—
Loans and bills discounted	336,722		
Reserve for possible loan losses (*1)	(1,367)		
	335,355	337,044	1,688
Foreign exchange assets (*1)	986	987	0
Lease receivables and investments in leases (*1)	369	388	19
Total assets	$ 537,441	$ 539,395	$ 1,954
Deposits	$ 486,170	$ 486,172	$ 1
Negotiable certificates of deposit	8,663	8,663	(0)
Call money and bills sold	639	639	—
Payables under repurchase agreements	—	—	—
Payables under securities lending transactions	4,892	4,892	—
Borrowed money	7,074	7,074	0
Foreign exchange liabilities	46	46	—
Bonds	3,638	3,688	49
Due to trust account	12,099	12,099	—
Total liabilities	$ 523,226	$ 523,277	$ 51
Derivative transactions (*2):			
Hedge accounting not applied	$ 462	$ 462	$ —
Hedge accounting applied	268	262	(6)
Total derivative transactions	$ 730	$ 724	$ (6)

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

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

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

Assets

Cash and due from banks

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

Call loans and bills bought

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

Monetary claims bought

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

Trading assets

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

Securities

Fair values of stocks are based on the one month weighted average of the market prices prior to the end of the fiscal year. Fair values of bonds (excluding private placement bonds) are based on the values calculated by statistics released from the Japan Securities Dealers Association or prices provided by financial institutions. Fair values of investment trusts are based on the disclosed net asset value. Fair values of private placement bonds are, in principle, determined by discounting the principal and interest amount with the interest rate used for new issuances for each category based on the internal rating. Refer to Note 5 “Securities” for the purpose of holding those securities.

Loans and bills discounted

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

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

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

Foreign exchange assets

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

Lease receivables and investments in leases

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

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

Liabilities

Deposits and negotiable certificates of deposit

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

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

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

Borrowed money

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

Foreign exchange liabilities

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

Bonds

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

Due to trust account

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

Derivative transactions

Refer to Note 29 "Derivatives" on derivative transactions.

Other

Guarantee contracts

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

For the guarantee to bankrupt obligors, effectively bankrupt obligors and borrowers with high probability of becoming insolvent, the Group deems the present values, which is calculated based on the estimated future cash flow or recoverable amounts from collateral and guarantee, as fair values.

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

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

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Unlisted stocks (*1) (*2)	**¥ 59,953**	¥ 60,568	**$ 550**
Investments in partnerships (*3)	**37,185**	34,854	**341**
Total	**¥ 97,139**	¥ 95,423	**$ 892**

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

(*2) For the fiscal years ended March 31, 2020 and 2019, impairment losses of unlisted stocks were ¥195 million ($1 million) and ¥25 million, respectively.

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

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

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

As of March 31, 2019	Millions of yen					
	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
Due from banks	¥ 14,318,480	¥ 111	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	177,949	—	—	—	—	—
Monetary claims bought	205,510	18,148	10,029	5,656	4,858	35,536
Securities:						
Held-to-maturity debt securities	458,631	792,576	164,856	449,682	142,429	121,471
Japanese government bonds.	407,300	667,900	50,000	350,000	—	66,100
Japanese local government bonds.	39,200	103,920	100,005	98,000	140,891	4,561
Japanese corporate bonds.	12,131	20,756	14,851	1,682	1,537	50,809
Available-for-sale securities.	231,890	520,869	429,966	114,822	321,448	432,825
Japanese government bonds.	—	30,000	—	—	3,500	12,000
Japanese local government bonds.	3,730	22,958	69,216	20,332	63,977	—
Japanese corporate bonds.	204,866	426,547	213,048	42,766	21,360	42,500
Loans and bills discounted (*1).	7,478,428	5,521,401	4,186,468	3,092,321	3,787,079	11,885,869
Foreign exchange assets.	115,691	—	—	—	—	—
Lease receivables and investments in leases (*2)	14,100	17,595	7,492	1,404	616	137
Total assets.	¥ 23,000,683	¥ 6,870,702	¥ 4,798,813	¥ 3,663,886	¥ 4,256,431	¥ 12,475,840
Deposits (*3)	¥ 48,220,053	¥ 2,151,621	¥ 736,796	¥ 140	¥ 22	¥ —
Negotiable certificates of deposit	1,107,850	87,500	—	—	—	—
Call money and bills sold	140,599	—	—	—	—	—
Payables under repurchase agreement	5,000	—	—	—	—	—
Payables under securities lending transactions	540,922	—	—	—	—	—
Borrowed money	138,037	348,886	240,154	23,862	1,695	—
Foreign exchange liabilities	4,387	—	—	—	—	—
Bonds	103,800	195,000	105,000	20,000	36,000	—
Due to trust account	1,155,804	—	—	—	—	—
Total liabilities	¥ 51,416,454	¥ 2,783,008	¥ 1,081,951	¥ 44,003	¥ 37,718	¥ —

As of March 31, 2020	One year or less	One to three years	Three to five years	Five to seven years	Seven to ten years	Over ten years
	Millions of U.S. dollars					
Due from banks	$ 135,864	$ —	$ —	$ —	$ —	$ —
Call loans and bills bought	4,350	—	—	—	—	—
Monetary claims bought	1,641	166	98	62	60	238
Securities:						
Held-to-maturity debt securities	5,546	2,280	4,654	811	3,323	1,470
Japanese government bonds.	4,942	1,194	3,675	—	—	708
Japanese local government bonds.	495	919	920	801	3,310	39
Japanese corporate bonds.	108	167	59	10	13	722
Available-for-sale securities	2,295	5,117	3,620	1,312	3,845	7,666
Japanese government bonds.	—	—	—	—	1,681	2,442
Japanese local government bonds.	15	451	499	415	881	—
Japanese corporate bonds.	2,073	4,466	1,702	370	224	486
Loans and bills discounted (*1).	70,727	51,561	40,168	29,072	35,180	108,646
Foreign exchange assets.	987	—	—	—	—	—
Lease receivables and investments in leases (*2)	119	157	71	14	6	1
Total assets.	$ 221,533	$ 59,283	$ 48,613	$ 31,272	$ 42,416	$ 118,022
Deposits (*3)	$ 460,242	$ 19,889	$ 6,038	$ —	$ —	$ —
Negotiable certificates of deposit	7,767	895	—	—	—	—
Call money and bills sold	639	—	—	—	—	—
Payables under repurchase agreements	—	—	—	—	—	—
Payables under securities lending transactions	4,892	—	—	—	—	—
Borrowed money	2,438	2,811	1,784	39	0	—
Foreign exchange liabilities	46	—	—	—	—	—
Bonds	643	1,699	872	422	—	—
Due to trust account	12,099	—	—	—	—	—
Total liabilities	$ 488,770	$ 25,296	$ 8,695	$ 462	$ 0	$ —

Notes: (*1) Loans and bills discounted, for which it is difficult to estimate the redemption amount, amounted to ¥148,659 million ($1,365 million) and ¥182,927 million as of March 31, 2020 and 2019, respectively, are excluded from the above table. The estimated uncollectable amount deducted from loans directly is excluded.

(*2) Lease receivables and investments in leases, for which it is difficult to estimate the redemption amount, amounted to ¥340 million ($3 million) and ¥305 million as of March 2020 and 2019, respectively, are excluded from the above table. The estimated uncollectable amount deducted from receivables directly is excluded.

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

29. DERIVATIVES

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

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is not applied as of March 31, 2020 and 2019 were as follows:

(a) Interest rate-related transactions

			Millions of yen: Notional or contract amount: Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2020						
Over-the-counter	Swaps	Receive fixed/pay floating	¥ 9,744,023	¥ 7,319,121	¥ 176,063	¥ 176,063
		Receive floating/pay fixed	9,939,692	7,222,192	(152,722)	(152,722)
		Receive floating/pay floating	5,019,369	3,435,639	3,100	3,100
	Caps	Sold	5,687	4,418	(15)	61
		Bought	3,740	2,740	8	(11)
	Floors	Sold	4,263	3,931	(89)	89
		Bought	9,018	8,210	67	63
	Swaptions	Sold	87,298	67,298	1,319	575
		Bought	47,344	45,344	697	542
Consolidated related party	Swaps	Receive fixed/pay floating	5,500	4,000	42	42
Total					¥ 26,041	¥ 27,804

			Millions of yen			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2019						
Listed	Futures	Sold	¥ 2,707	¥ —	¥ 0	¥ 0
		Bought	12,066	12,066	3	3
Over-the-counter	Swaps	Receive fixed/pay floating	12,362,360	10,317,766	230,127	230,127
		Receive floating/pay fixed	12,231,396	10,343,605	(207,655)	(207,655)
		Receive floating/pay floating	5,147,596	4,191,646	2,785	2,785
	Caps	Sold	8,897	8,073	(53)	122
		Bought	3,748	3,748	7	(21)
	Floors	Sold	4,180	4,180	(79)	79
		Bought	11,030	10,137	128	121
	Swaptions	Sold	73,933	67,933	1,412	628
		Bought	58,364	52,364	1,164	792
Consolidated related party	Swaps	Receive fixed/pay floating	7,500	5,500	80	80
Total					¥ 25,362	¥ 27,065

			Millions of U.S. dollars			
			Notional or contract amount			Unrealized
			Total	Maturity over 1 year	Fair value	gains (losses)
March 31, 2020						
Over-the-counter	Swaps	Receive fixed/pay floating	**89,534**	**67,252**	**1,617**	**1,617**
		Receive floating/pay fixed	**91,332**	**66,362**	**(1,403)**	**(1,403)**
		Receive floating/pay floating	**46,121**	**31,568**	**28**	**28**
	Caps	Sold	**52**	**40**	**(0)**	**0**
		Bought	**34**	**25**	**0**	**(0)**
	Floors	Sold	**39**	**36**	**(0)**	**0**
		Bought	**82**	**75**	**0**	**0**
	Swaptions	Sold	**802**	**618**	**12**	**5**
		Bought	**435**	**416**	**6**	**4**
Consolidated related party	Swaps	Receive fixed/pay floating	**50**	**36**	**0**	**0**
Total					**$ 239**	**$ 255**

Notes: 1. The above transactions are stated at fair value and unrealized gains or losses are charged to income or expenses in the consolidated statements of income.
2. The fair value of listed contracts is based on the closing price on Tokyo Financial Exchange Inc. and other exchanges. The fair value of over-the-counter contracts and contracts between consolidated related parties is determined using the discounted value of their future cash flows, option pricing models, etc.

(b) Currency-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2020						
Over-the-counter	Currency swaps		**¥ 559,503**	**¥ 318,770**	**¥ 17,658**	**¥ 892**
	Forward contracts	Sold	**586,198**	**61,914**	**(4,652)**	**(4,652)**
		Bought	**604,495**	**74,731**	**13,312**	**13,312**
	Currency options	Sold	**97,751**	**34,900**	**4,255**	**(977)**
		Bought	**133,582**	**37,673**	**2,915**	**(523)**
Total					**¥ 24,977**	**¥ 8,050**
March 31, 2019						
Over-the-counter	Currency swaps		¥ 680,802	¥ 486,674	¥ 12,909	¥ 1,596
	Forward contracts	Sold	558,909	52,842	(3,810)	(3,810)
		Bought	553,632	67,848	9,955	9,955
	Currency options	Sold	76,529	30,509	4,301	(983)
		Bought	84,671	37,499	2,256	(1,077)
Total					¥ 17,009	¥ 5,679

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2020						
Over-the-counter	Currency swaps		**$ 5,141**	**$ 2,929**	**$ 162**	**$ 8**
	Forward contracts	Sold	**5,386**	**568**	**(42)**	**(42)**
		Bought	**5,554**	**686**	**122**	**122**
	Currency options	Sold	**898**	**320**	**39**	**(8)**
		Bought	**1,227**	**346**	**26**	**(4)**
Total					**$ 229**	**$ 73**

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

(c) Stock-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2020						
Listed	Index option	Sold	**¥ 7,900**	**¥ —**	**¥ 130**	**¥ (20)**
		Bought	—	—	—	—
Total					**¥ (130)**	**¥ (20)**
March 31, 2019						
Listed	Index future	Sold	¥ 4,238	¥ —	¥ (3)	¥ (3)
		Bought	—	—	—	—
Total					¥ (3)	¥ (3)

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2020						
Listed	Index option	Sold	**$ 72**	**$ —**	**$ 1**	**$ (0)**
		Bought	—	—	—	—
Total					**$ (1)**	**$ (0)**

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

(d) Bond-related transactions

			Millions of yen			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2020						
Listed	Futures	Sold	**¥ 8,002**	**¥ —**	**¥ (590)**	**¥ (590)**
		Bought	—	—	—	—
Total					**¥ (590)**	**¥ (590)**
March 31, 2019	Futures	Sold	¥ 5,816	¥ —	¥ (8)	¥ (8)
		Bought	3,065	—	—	—
Total					¥ (8)	¥ (8)

			Millions of U.S. dollars			
			Notional or contract amount			
			Total	Maturity over 1 year	Fair value	Unrealized gains (losses)
March 31, 2020						
Listed	Futures	Sold	**$ 73**	**$ —**	**$ (5)**	**$ (5)**
		Bought	—	—	—	—
Total					**$ (5)**	**$ (5)**

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

(2) Derivative transactions to which hedge accounting is applied

The notional principal or contract amounts, fair values and unrealized gains or losses on derivative transactions to which hedge accounting is applied as of March 31, 2020 and 2019, were as follows:

(a) Interest rate-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2020					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		**¥ 1,440,000**	**¥ 1,290,000**	**¥ 33,457**
	Receive floating/pay fixed		**986,616**	**758,616**	**(5,347)**
Special treatment of interest rate swaps	Swaps	Financial assets and liabilities with interests (e.g., loans and borrowed money)			
	Receive floating/pay fixed		**65,483**	**51,145**	**(658)**
Total					**¥ 27,451**
March 31, 2019					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		¥ 1,655,000	¥ 1,440,000	¥ 46,749
	Receive floating/pay fixed		1,044,081	989,081	(3,553)
Special treatment of interest rate swaps	Swaps				
	Receive floating/pay fixed	Loans	76,460	71,500	(871)
Total					¥ 42,324

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2020					
Deferral hedge accounting	Swaps	Financial assets and liabilities with interests (e.g., loans and deposits)			
	Receive fixed/pay floating		**$ 13,231**	**$ 11,853**	**$ 307**
	Receive floating/pay fixed		**9,065**	**6,970**	**(49)**
Special treatment of interest rate swaps	Swaps	Financial assets and liabilities with interests (e.g., loans and borrowed money)			
	Receive floating/pay fixed		**601**	**469**	**(6)**
Total					**$ 252**

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

(b) Currency-related transactions

Accounting method for hedge	Hedging instruments	Hedged items	Millions of yen: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2020					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**¥ 195,473**	**¥ 36,962**	**¥ 1,107**
March 31, 2019					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	¥ 347,377	¥ 5,316	¥ (399)

Accounting method for hedge	Hedging instruments	Hedged items	Millions of U.S. dollars: Notional or contract amount: Total	Over 1 year	Fair value
March 31, 2020					
Deferral hedge accounting	Currency swaps	Financial assets and liabilities denominated in foreign currency (e.g., loans and deposits)	**$ 1,796**	**$ 339**	**$ 10**

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

30. RETIREMENT BENEFIT PLANS

(1) Outline of the plans

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

The Company does not have a retirement benefit plan.

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

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

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

(a) The changes in defined benefit obligation for the fiscal years ended March 31, 2020 and 2019

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Balance at the beginning of the fiscal year	**¥ 470,001**	¥ 415,541	**$ 4,318**
Increase by acquisitions of subsidiaries' shares	**—**	49,468	**—**
Current service cost	**12,953**	13,163	**119**
Interest cost	**1,481**	2,311	**13**
Actuarial losses	**(2,177)**	13,350	**(20)**
Benefits paid	**(24,232)**	(23,789)	**(222)**
Decrease by the change in the retirement benefit plan of the consolidated subsidiary	**(10,141)**	—	**(93)**
Other	**87**	(44)	**0**
Balance at the end of the fiscal year	**¥ 447,973**	¥ 470,001	**$ 4,116**

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

(b) The changes in plan assets for the fiscal years ended March 31, 2020 and 2019

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Balance at the beginning of the year	**¥ 470,286**	¥ 423,916	**$ 4,321**
Increase by acquisitions of subsidiaries' shares	**—**	49,287	**—**
Expected return on plan assets	**7,326**	7,397	**67**
Actuarial gains	**(14,813)**	(3,310)	**(136)**
Contribution from the employer	**6,347**	8,073	**58**
Benefit paid	**(14,637)**	(15,045)	**(134)**
Contribution to a segregated retirement benefit trust of the consolidated subsidiary	**7,026**	—	**64**
Decrease by the change in the retirement benefit plan of the consolidated subsidiary	**(3,800)**	—	**(34)**
Other	**71**	(32)	**0**
Balance at the end of the fiscal year	**¥ 457,807**	¥ 470,286	**$ 4,206**

(c) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2020 and 2019

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Funded plans benefit obligation	**¥ 424,347**	¥ 461,187	**$ 3,899**
Plan assets	**(457,807)**	(470,286)	**(4,206)**
Subtotal	**(33,459)**	(9,098)	**(307)**
Unfunded defined benefit obligation	**23,659**	8,813	**217**
Net liability for defined benefit obligation	**¥ (9,800)**	¥ (284)	**$ (90)**
Net defined benefit liability	**22,709**	19,077	**208**
Net defined benefit asset	**(32,510)**	(19,362)	**(298)**
Net liability for defined benefit obligation	**¥ (9,800)**	¥ (284)	**$ (90)**

(d) The components of net periodic benefit costs for the fiscal years ended March 31, 2020 and 2019

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Service cost	**¥ 12,953**	¥ 13,163	**$ 119**
Interest cost	**1,481**	2,311	**13**
Expected return on plan assets	**(7,326)**	(7,397)	**(67)**
Recognized actuarial gains	**8,327**	17,020	**76**
Other (Supplemental benefits which are not subject to defined benefit obligation)	**961**	1,075	**8**
Net periodic benefit costs	**¥ 16,397**	¥ 26,173	**$ 150**

Note: Other than the above, the Group recognized ¥4,191 million ($38 million) of gain resulting from the change in the retirement benefit plan of a consolidated subsidiary for the fiscal year ended March 31, 2020

(e) The components of remeasurements of defined benefit plans for the fiscal years ended March 31, 2020 and 2019

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Actuarial gains (or losses)	**¥ (2,512)**	¥ 359	**$ (23)**

(f) Accumulated other comprehensive income (before tax effect) on defined retirement benefit plans as of March 31, 2020 and 2019

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Unrecognized actuarial losses	**¥ 64,080**	¥ 61,568	**$ 588**

(g) Plan assets as of March 31, 2020 and 2019

(i) Components of plan assets

	2020	2019
Bonds	**62%**	63%
Stocks	**6%**	9%
Cash and Deposits and other	**32%**	28%
Total	**100%**	100%

Note: Total plan assets include 28% for the fiscal years ended March 31, 2020 and 2019, of a segregated retirement benefit trust which is set up for corporate pension fund and lump-sum retirement benefit plans.

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

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

(h) Assumptions used for the fiscal years ended March 31, 2020 and 2019

	2020	2019
Discount rate (weighted average)	**0.21 - 0.75%**	0.29 - 0.75%
Expected rate of return on plan assets.....................	**0.00 - 2.40%**	0.00 - 3.80%

Note: Expected salary increase rate is determined by the age-specific salary increase index calculated with a reference date of March 31, 2014.

(3) Defined contribution retirement plan

Contribution paid to the defined contribution plan of certain consolidated domestic subsidiaries were ¥1,547 million ($14 million) and ¥1,248 million for the fiscal years ended March 31, 2020 and 2019, respectively.

31. STOCK OPTIONS

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

(a) Details of the stock options outstanding as of March 31, 2020

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

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

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

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

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

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

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

(b) Volume and activity of the stock options

Below information covers the stock options existed for the fiscal year ended March 31, 2020 and the number of the stock options are converted into the number of shares.

(i) Number of stock options (shares)

	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
Non-vested:						
March 31, 2019 – outstanding	5.925	4,977	15,405	22,278	46,215	47,163
Granted	—	—	—	—	—	—
Vested	—	—	2,844	3,081	8,532	10,428
March 31, 2020 – outstanding	**5,925**	**4,977**	**12,561**	**19,197**	**37,683**	**36,735**
Vested:						
March 31, 2019 – outstanding	63,279	61,620	46,452	23,937	41,475	24,885
Vested	—	—	2,844	3,081	8,532	10,428
Exercised	10,902	6,873	—	—	2,607	—
March 31, 2020 – outstanding	**52,377**	**54,747**	**49,296**	**27,018**	**47,400**	**35,313**

(ii) Unit price information

	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
Exercise price	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**
Average stock price at the time of exercise	**530**	**404**	—	—	**375**	—
Fair value at the date of the grant	**556**	**700**	**763**	**1,303**	**645**	**840**

	Series 1 stock subscription right	Series 2 stock subscription right	Series 3 stock subscription right	Series 4 stock subscription right	Series 5 stock subscription right	Series 6 stock subscription right
Exercise price	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**
Average stock price at the time of exercise	**4.86**	**3.71**	—	—	**3.44**	—
Fair value at the date of the grant	**5.10**	**6.43**	**7.01**	**11.97**	**5.92**	**7.71**

32. COMPREHENSIVE INCOME

Reclassification adjustment and tax effect of other comprehensive income for the fiscal years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Net unrealized gains (losses) on available-for-sale Securities			
Amount incurred during the fiscal year	**¥ (142,097)**	¥ (75,817)	**$ (1,305)**
Reclassification adjustment	**(24,987)**	(5,109)	**(229)**
Prior to deducting tax effect	**(167,084)**	(80,926)	**(1,535)**
Tax effect	**42,961**	21,569	**394**
Net unrealized gains (losses) on available-for-sale securities	**¥ (124,122)**	¥ (59,357)	**$ (1,140)**
Net deferred gains (losses) on hedges			
Amount incurred during the fiscal year	**¥ (2,789)**	¥ 3,300	**$ (25)**
Reclassification adjustment	**(12,334)**	(12,436)	**(113)**
Prior to deducting tax effect	**(15,123)**	(9,135)	**(138)**
Tax effect	**4,620**	2,783	**42**
Net deferred gains (losses) on hedges	**¥ (10,503)**	¥ (6,352)	**$ (96)**
Foreign currency translation adjustments			
Amount incurred during the fiscal year	**¥ 4,762**	¥ (3,574)	**$ 43**
Reclassification adjustment	—	—	—
Prior to deducting tax effect	**4,762**	(3,574)	**43**
Tax effect	—	—	—
Foreign currency translation adjustments	**¥ 4,762**	¥ (3,574)	**$ 43**
Remeasurements of defined benefit plans			
Amount incurred during the fiscal year	**¥ (16,386)**	¥ (16,661)	**$ (150)**
Reclassification adjustment	**13,874**	17,020	**127**
Prior to deducting tax effect	**(2,512)**	359	**(23)**
Tax effect	**767**	(104)	**7**
Remeasurements of defined benefit plans	**¥ (1,744)**	¥ 255	**$ (16)**
Share of other comprehensive income of affiliates accounted for using equity method			
Amount incurred during the fiscal year	**¥ (39)**	¥ 8	**$ (0)**
Reclassification adjustment	**7**	4	**0**
Share of other comprehensive income of affiliates accounted for using equity method	**(32)**	13	**(0)**
Total other comprehensive income	**¥ (131,640)**	¥ (69,015)	**$ (1,209)**

33. PER SHARE INFORMATION

(1) Net income per share of common stock

Basic and diluted net income per share of common stock ("EPS") and their calculation basis for the fiscal years ended March 31, 2020 and 2019 was as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Basic EPS			
Net income attributable to owners of parent	**¥ 152,426**	¥ 175,162	**$ 1,400**
Amount not attributable to owners of common stock:	—	—	—
Preferred dividends for preferred shares	—	—	—
Cancellation difference relating to preferred dividend shares	—	—	—
Net income attributable to owners of parent for common stock	**¥ 152,426**	¥ 175,162	**$ 1,400**
Weighted average shares (shares in thousand)	**2,299,835**	2,315,804	**2,299,835**
Basic EPS	**66.27 yen**	75.63 yen	**US$ 0.60**
Diluted EPS			
Adjustments of net income attributable to owners of parent for common stock	**¥ (2)**	(6)	**$ (0)**
Increase in share of common stock	—	—	—
Diluted EPS	**66.27 yen**	75.63 yen	**US$ 0.60**

Note: Average number of common shares during the period is after deductions of 1) the number of shares of treasury stock and 2) the number of shares held by the ESOP trust (5,203 thousand shares and 7,335 thousand shares as of March 31, 2020 and 2019, respectively).

(2) Net assets per share of common stock

Net assets per share of common stock and their calculation basis as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Total net assets	**¥ 2,316,543**	¥ 2,356,178	**$ 21,285**
Deductions from total net assets:	**238,208**	245,148	**2,188**
Stock acquisition rights	**297**	309	**2**
which Noncontrolling interests	**237,910**	244,838	**2,186**
Net assets attributable to common stock at the end of the fiscal year	**¥ 2,078,335**	¥ 2,111,030	**$ 19,097**
Number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock (shares in thousand)	**2,297,498**	2,316,821	**2,297,498**
Net assets per share of common stock	**904.60 yen**	911.17 yen	**US$ 8.31**

Note: The number of shares of common stock at the end of the fiscal year used for the calculation of net assets per share of common stock is after deductions of 1) the number of shares of treasury stock and 2) the number of shares held by the ESOP trust (3,922 thousands shares and 6,314 thousands shares as of March 31, 2020 and 2019, respectively).

34. SEGMENT INFORMATION

(1) Description of segments

(a) General information about segments

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

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

Principal operating activities of the segments are as follows:

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

(b) Overview of segment profit and loss

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

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

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

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

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

(2) Basis for measurement of segment profit and loss

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

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

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

(3) Information about profit and loss of each segment

Profit and loss of each segment for the fiscal years ended March 31, 2020 and 2019 were as follows:

	Millions of yen						
	Consumer banking (*1)	Corporate banking (*1)(*2)(*3)	Market trading (*4)	Kansai Mirai FG (*4)	Subtotal	Other (*5)	Total
March 31, 2020							
Gross operating profit	**¥ 196,131**	**¥ 259,529**	**¥ 62,248**	**¥ 142,452**	**¥ 660,362**	**¥ (6,253)**	**¥654,109**
General and administrative expenses (*6)	**(152,079)**	**(146,273)**	**(9,234)**	**(113,612)**	**(421,201)**	**4,016**	**(417,184)**
Actual net operating profit	**44,051**	**113,345**	**53,014**	**28,839**	**239,251**	**(1,820)**	**237,430**
Credit cost	**(2,158)**	**(14,551)**	**—**	**(6,224)**	**(22,934)**	**(37)**	**(22,972)**
Net operating profit less credit cost	**¥ 41,893**	**¥ 98,794**	**¥ 53,014**	**¥ 22,614**	**¥ 216,316**	**¥ (1,858)**	**¥214,457**
March 31, 2019							
Gross operating profit	¥ 206,003	¥ 263,142	¥ 27,205	¥ 146,414	¥ 642,766	¥ (3,791)	¥ 638,975
General and administrative expenses (*6)	(153,058)	(145,641)	(8,574)	(116,435)	(423,709)	3,113	(420,595)
Actual net operating profit	52,945	117,640	18,631	29,978	219,195	1,300	220,495
Credit cost	1,296	2,290	—	(5,043)	(1,456)	155	(1,301)
Net operating profit less credit cost	¥ 54,242	¥ 119,930	¥ 18,631	¥ 24,934	¥ 217,738	¥ 1,455	¥ 219,194

	Millions of U.S. dollars						
	Consumer banking (*1)	Corporate banking (*1)(*2)(*3)	Market trading (*4)	Kansai Mirai FG (*4)	Subtotal	Other (*5)	Total
March 31, 2020							
Gross operating profit	**$ 1,802**	**$ 2,384**	**$ 571**	**$ 1,308**	**$ 6,067**	**$ (57)**	**$ 6,010**
General and administrative expenses (*6)	**(1,397)**	**(1,344)**	**(84)**	**(1,043)**	**(3,870)**	**36**	**(3,833)**
Actual net operating profit	**404**	**1,041**	**487**	**264**	**2,198**	**(16)**	**2,181**
Credit cost	**(19)**	**(133)**	**—**	**(57)**	**(210)**	**(0)**	**(211)**
Net operating profit less credit cost	**$ 384**	**$ 907**	**$ 487**	**$ 207**	**$ 1,987**	**$ (17)**	**$ 1,970**

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

(*2) Gross operating profit of the Corporate banking unit excludes gain on disposal of bad debts for trust accounts amounting to ¥10 million ($0 million) but includes share of profits in affiliates accounted for using equity method amounting to ¥99 million ($0 million) for the fiscal year ended March 31, 2020.

(*3) Gross operating profit of the Corporate banking unit excludes gain on disposal of bad debts for trust accounts amounting to ¥30 million but includes share of profits in affiliates accounted for using equity method amounting to ¥168 million for the fiscal year ended March 31, 2019.

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

(*5) "Other" includes all other departments, such as management office, which are not operating segments. In addition, Actual net operating profit includes Equity in earnings of investments in affiliates of ¥415 million ($3 million) and ¥1,977 million for the fiscal years ended March 31, 2020 and 2019, respectively.

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

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

Reconciliation between the segment information and the consolidated financial statements for the fiscal years ended March 31, 2020 and 2019 was as follows:

	Millions of yen		Millions of U.S. dollars
	2020	2019	**2020**
Total amount of segments	**¥ 216,316**	¥ 217,738	**$ 1,987**
Net losses of "Other"	**(1,858)**	1,455	**(17)**
Net non-recurring gains (losses) other than credit cost (*1)	**(167)**	(16,175)	**(1)**
Net extraordinary gains (losses) (*2)	**(2,112)**	35,587	**(19)**
Income before income taxes	**¥ 212,177**	¥ 238,606	**$ 1,949**

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

(5) Additional information

(a) Information on services for the fiscal years ended March 31, 2020 and 2019

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

(b) Geographic information for the fiscal years ended March 31, 2020 and 2019

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

(c) Information on major customers for the fiscal years ended March 31, 2020 and 2019

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

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

For the fiscal year ended March 31, 2020, impairment losses of ¥6,902 million ($63 million) was recognized at Kansai Mirai FG segment.

(7) Information for gain on bargain purchase by segment

For the fiscal year ended March 31, 2019, gain on bargain purchase of ¥29,055 million was recognized due to Kansai Urban and Minato became wholly-owned subsidiaries of Kansai Mirai FG, which has been a consolidated subsidiary of the Company.

The gain on bargain purchase was included in net extraordinary gains (losses) on the above table and was not allocated to each segment.

35. RELATED PARTY TRANSACTIONS

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

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

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

Name	Description of the transactions	Transaction amount for the fiscal year		Account name	Balance at the end of the fiscal year	
		Millions of yen	Millions of U.S. dollar		Millions of yen	Millions of U.S. dollar
Sekigen,Ltd (*1)(*2)	Lending money (*3)	¥ —	$ —	Loans and bills discounted	**¥ 14**	**$ 0**

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

36. SUBSEQUENT EVENTS

I. Appropriation of retained earnings

On May 12, 2020, the Board of Directors approved payment of cash dividends to stockholders of record on March 31, 2020 as follows:

	Millions of yen	Millions of U.S. dollars
Year-end cash dividends of which dividends source were retained earnings:		
Common stock, ¥10.50 ($0.096) per share (*)	**¥ 24,164**	**$ 222.03**
Total	**¥ 24,164**	**$ 222.03**

Note: Year-end cash dividends for the fiscal year ended March 31, 2020 included ¥41 million ($0 million) of dividends paid to the ESOP Trust.

II. Cancellation of treasury stock

On June 19, 2020, the Company decided on the cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act.

(a) Class of shares to be cancelled	Common stock of the Company
(b) Total number of shares to be cancelled	21,706,600 shares (% of number of shares of common stock outstanding before the cancellation is 0.93%)
(c) Scheduled date of the cancellation	June 30, 2020

III. Acquisition of treasury stock to establish share benefit trust for officers

At the Board of Directors' meeting held on July 31, 2020, the Company resolved the acquisition of treasury stock to establish a share benefit trust for officers, who have authority of business execution of the Company and its consolidated subsidiaries, Resona Bank and Saitama Resona Bank ("Company Group Officers").

(1) Outline of the Share benefit trust

(a) Name	Share benefit trust for officers
(b) Entrustor	The Company
(c) Trustee	Resona Bank Resona Bank will enter into a specific comprehensive trust agreement with Custody Bank of Japan, Ltd., which will be a re-trustee.
(d) Beneficiaries	The Company Group Officers who meet the requirements for beneficiaries set forth in the Share Benefit Plan
(e) Trust administrator	A third party who has no interest in the Company
(f) Date of execution of the Trust Agreement	August 7, 2020
(g) Date of entrusting money	August 7, 2020
(h) Trust period	From August 7, 2020 until the termination of the Trust (specific termination date is not set, and the Trust will be terminated in cases where the termination is agreed among the entrustor, the trustee and the trust administrator, or other termination causes specified in the contract are occurred.)

(2) Details of the acquisition of Company's shares

(a) Type of shares to be acquired	Common shares of the Company
(b) Initial amount of funds entrusted to acquire the shares	¥1,405 million ($12 million)
(c) Method of acquiring shares	From the stock market
(d) Period of acquiring shares	From August 7, 2020 to November 6, 2020 (planned)

Note: During the period of the Trust, the Company may additionally entrust the funds to acquire the shares and additionally acquire the shares up to 17,155,100 shares, which is the upper limit of the number of shares to be acquired.